



Report of the Chief Auditor

Governance & Audit Committee – 8 February 2023

Internal Audit Monitoring Report Quarter 3 – 2022/23

Purpose:	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 October 2022 to 31 December 2022.
Policy Framework:	None.
Consultation:	Legal, Finance, Access to Services.
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For Information	

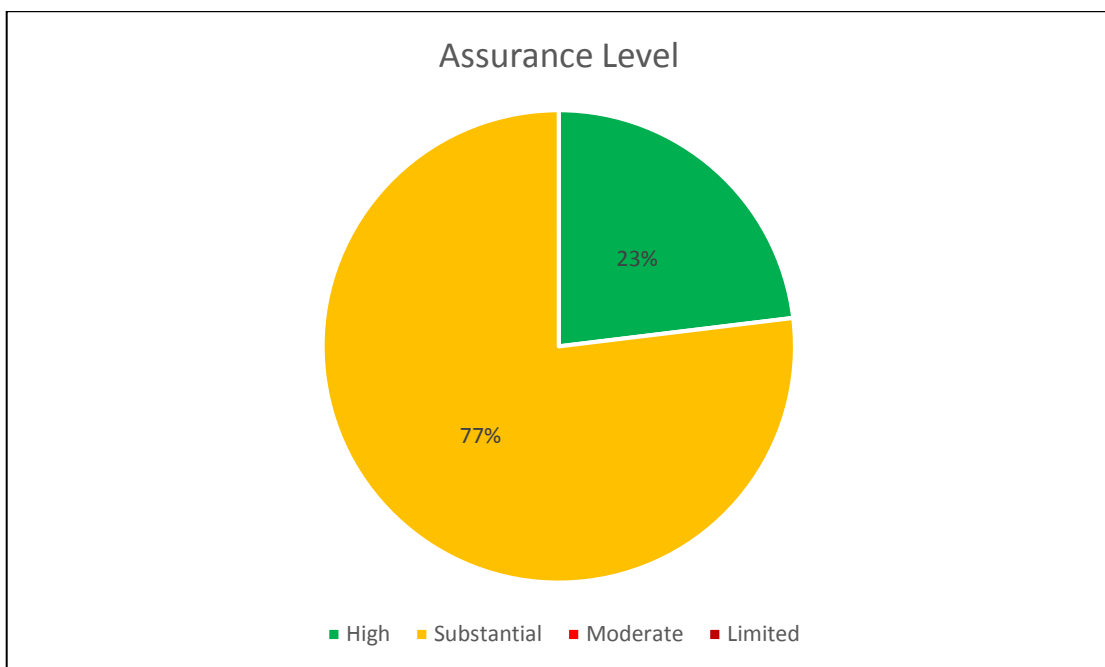
1. Introduction

- 1.1 The Internal Audit Annual Plan 2022/23 was approved by the Governance & Audit Committee on 12 April 2022. 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 October 2022 to 31 December 2022.

2. Audits Finalised 1 October 2022 to 31 December 2022

- 2.1 A total of 10 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	Total
Number	3	7	0	0	10



- 2.3 A total of 80 audit recommendations were made and management agreed to implement all 80 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:

Risk Level	High Risk	Medium Risk	Low Risk	Good Practice	Total
Number	0	9	65	6	80



- 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 the Committee via the Fundamental Audit Recommendation Tracker Report.
- 2.6 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 12 April 2022 and identifies the position of each audit as at 31 December 2022.
- 2.7 The team continues to work both from home and in the new office space in the Guildhall. The Office is shared with one other section, but to ensure confidentiality the Audit and Fraud Team has sole occupancy on set days. All audit paper files are also kept secure in locked cabinets with only Audit staff having access.
- 2.8 An analysis of the details in Appendix 3 shows that as at 31/12/22, 41 audit activities from the 2022/23 audit plan had been completed to at least draft report stage (32%), with an additional 30 activities noted as being in progress (23%). As a result approximately 55% of the audit activities included in the 2022/23 Audit Plan had either completed or were in progress.
- 2.9 As previously reported in previous reports, staff sickness in the Internal Audit Team has continued to be significant during the quarter, with a total of 61 days absence recorded. The cumulative number of days lost due to sickness in the year to date is approximately 180 days. At the time

of compiling this report, one members of staff continues to be absent due to long-term sickness. They are currently being supported by Human Resources and Occupational Health.

- 2.10 In addition to the sickness absence noted above, two auditors left the team during the second quarter. Following a successful recruitment campaign, the vacant posts were filled by two new members of staff who joined the team in November. However, it should be noted that the total number of days lost due to the posts being vacant is approximately 272 days.
- 2.11 The possible use of agency staff to support the existing resources of the internal audit team was considered by the Chief Auditor and the Director of Finance at the end of the first quarter and throughout quarter two and three. However, given the current budgetary concerns and Cabinet's decision to seek containment of in year spending by all Directors, the Director of Finance continues to advise against the use of agency staff at this stage.
- 2.12 In light of the ongoing sickness noted above and the 452 total days lost to date, the Chief Auditor is in the process of reviewing the Audit Plan for 2022/23. The Committee has already been advised previously that the Level 1 Cross Cutting Reviews and the Level 2 Fundamental Systems Audits have been prioritised to date to ensure these are completed by the end of the financial year and this continues to be the case.
- 2.13 As noted in Appendix 3, as at the end of December all but one of the Fundamental Systems Audits had been started. The fundamental Cash audit was completed in December and the final audit report was issued in early January. At the time of compiling this report, the field work for the Council Tax audit is also substantially complete and the Accounts Receivable, Accounts Payable and Main Accounting audits are underway. It should also be noted that the Fundamental Systems Audits are typically the larger audits on the audit plan, and hence take longer to complete which has taken up a significant number of days in the quarter.
- 2.14 The remaining Level 1 Cross Cutting reviews have been allocated to staff to be completed in quarter four. However, it should be noted that two of the planned Level 1 audits have been deferred as outlined below:
 - i) Achieving Better Together – Transformation (inc. workforce strategy and savings delivery. At the request of the Interim Director of Corporate Services this review has been deferred as Transformation and Workforce are part of Phase 3 of the programme which has yet to formally start.
 - ii) Oracle Fusion - The audit was provisionally planned to commence in quarter four following the original go-live date of October 2022, which has now been postponed to April 2023. At the request of the Interim Director of Corporate Services, it is proposed that this audit will commence in quarter two 2023/24. The Interim Director of Corporate

Services will provide the committee with an update on progress, risks and issues at the committee meeting in March.

- 2.15 No audit reports with a “Moderate” assurance level were issued in the quarter.

3 Additional work undertaken by Internal Audit in the Quarter

- 3.1 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
Enable – Support for Independent Living Grant 2021/22	£379,500.00
Housing Support Grant 2021/22	£18,489,233

- 3.3 The Fundamental Recommendation Tracker Exercise was completed in the quarter and the committee received the report outlining the results of this exercise in the December Governance and Audit Committee meeting.
- 3.4 As part of the planning process for the 2023/24 audit plan, the annual Consultation Exercise also commenced in the quarter and the team had a number of meetings with Heads of Service across the Council.

4. Follow Up’s completed 1 October to 31 December 2022

- 4.1 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.
- 4.2 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 Director of Finance & Section 151 Officer.
- 4.3 One audit with a moderate assurance rating was followed up in the quarter. The audit of Freedom of Information (FOI), Subject Access Requests (SAR) and Environmental Information Regulations (EIR) was undertaken in January 2022 with the final report being issued in March 2022 with a moderate assurance rating. The follow up was completed in November 2022 which confirmed that 9 of the 13 recommendations made had been fully implemented. However, 3 medium risk and 1 low risk

recommendation had not been addressed. As a result, a further follow up review has been scheduled to take place in quarter four.

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 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.

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 2022/23

Appendices: Appendix 1 - Audits Finalised Q3 2022/23

Appendix 2 - Summary of Scope of Audits Finalised Q3 2022/23

Appendix 3 - Internal Audit Plan 2022/23 - Progress to 31/12/22

Appendix 4 – Integrated Impact Assessment