

Meeting of:	<b>Governance and Audit Committee</b>
Date of Meeting:	<b>Monday, 17 February 2025</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Progress Against the Internal Audit Risk Based Plan
Purpose of Report:	To provide members of the Committee with a position statement on progress made against the audit work included and approved within the Internal Audit Risk Based Plan
Report Owner:	Head of the Regional Internal Audit Service
Responsible Officer:	Head of Finance & Section 151 Officer
Elected Member and Officer Consultation:	No Elected Members have been consulted. Legal Services and Head of Finance.
Policy Framework:	The proposals in this report are in accordance with the policy framework and budget.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The progress made against the internal audit plan as of 31<sup>st</sup> December 2024 is detailed in <b>Appendix A</b> and summarised in <b>Appendix B</b>. It shows that 29 planned audit reviews have been completed which equates to a completion rate of 49%.</li> <li>• Audit opinions, based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment, have been given to 28 of the 29 completed audits. 26 audits (93%) have been given Substantial or Reasonable Assurance and 2 audits have been given Limited Assurance.</li> <li>• Included within the 2024/25 plan are 14 audits that were not undertaken or completed in 2023/24. <b>Appendix C</b> shows the status of these audits with 12 having been completed.</li> <li>• A total of 88 recommendations have been made to date to improve the control environment. The progress being made in implementing the high and medium priority recommendations is regularly monitored by the Audit team and reported to this Committee.</li> </ul>	

## **Recommendation**

1. That Members of the Committee note the content of the report and the progress made against the Internal Audit Risk Based Plan 2024/25.

## **Reason for Recommendation**

1. To keep Governance and Audit Committee informed.

## **1. Background**

- 1.1 In accordance with the Public Sector Internal Audit Standards, the Head of Audit is responsible for developing a risk-based annual audit plan which considers the Council's risk management framework. Within the Standards there is also a requirement for the Head of Audit to review and adjust the plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, controls and resources. The Head of Audit must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.
- 1.2 The Internal Audit Plan for 2024/25 was submitted to the Governance and Audit Committee for consideration and approval on 17th June 2024. The Plan outlined the assignments to be carried out which will provide sufficient coverage to provide an overall opinion at the end of 2024/25.
- 1.3 The plan is also flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may emerge.

## **2. Key Issues for Consideration**

- 2.1 Progress made against the approved plan for the period 1st April 2024 to 31st December 2024 is attached at **Appendix A**. This details the status of each planned review, the audit opinion and the number of any high, medium, or low priority recommendations made to improve the control environment. It should be noted that some reviews listed have no audit opinion, for example advice and guidance and Governance and Audit Committee / Strategic Leadership Team reporting, Fraud, Error or Irregularity. This is because the audit work carried out in respect of these items is planned but the nature of the work does not lead to testing and the formation of an audit opinion, although in some instances recommendations are made.

**2.2** The Regional Internal Audit Service (RIAS) has set quarterly targets to monitor the delivery of the approved audit plan. This will assist in ensuring sufficient audit coverage has been given to the Council to provide an overall opinion at the end of 2023/24. The targets that the RIAS are working towards at the end of each quarter are as follows:

- Qtr 1 = 10%
- Qtr 2 = 30%
- Qtr 3 = 50%
- Qtr 4 = 80%

**2.3** As of 31st December 2024, the level of coverage was 49%. A summary of the progress made to date is shown in Table 1 below. It is anticipated that 78% of the plan will be achieved by year end. Details of individual audit assignments are shown in **Appendix A** and the summary of the progress made is in **Appendix B**.

**Table 1 – Summary of the Progress Against the Audit Plan 2024/25**

Status of Audits Assignments	Number	% of plan completed
Final report issued	23	39%
Draft report issued	6	10%
Audits in progress	17	
Audits allocated and due to start	2	
Planned Audits not yet allocated	10	
Audit Removed	1	
<b>Total</b>	<b>59</b>	<b>49%</b>

**2.4** An audit opinion is applied to an audit based on the assessment of the strengths and weaknesses of the areas examined during the audit through testing of the effectiveness of the internal control environment. Table 2 shows the audit opinions given to 28 completed audits as of 31st December 2024, it should be noted that the Annual Governance Statement was not an opinion related audit. Table 2 illustrates that 93% of completed audits have been given a *Reasonable* or *Substantial Assurance* opinion.

**Table 2 – Audit Opinions Applied to Audits as of 31<sup>st</sup> December 2024**

Audit Opinion	Number	%
Substantial Assurance	9	32%
Reasonable Assurance	17	61%
Limited Assurance	2	7%
No Assurance	0	0
<b>Total</b>	<b>28</b>	<b>100%</b>

2.5 For reference, the audit assurance/opinion categories are:

AUDIT ASSURANCE CATEGORY CODE	
<b>Substantial</b>	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks to the achievement of objectives in the area audited.

2.6 **Table 2** identifies that there have been 2 *Limited Assurance* opinions issued. The weaknesses found in the Tender Evaluation & Award Follow Up - Building Services (Project & Planned Team Services) audit was presented to this Committee in the September meeting. The ICT Business Continuity Follow Up audit is the other limited assurance audit report however this report is currently in draft stage. Once management comments have been received and the audit finalised, details will be brought to this Committee.

2.7 Generally, when a *Limited Assurance* opinion is issued, management need time to implement the agreed recommendations to make the necessary improvements to the control environment. In these circumstances, the Audit Team would undertake a follow up audit, usually within six to twelve months of the final report being issued to verify that appropriate controls were subsequently in place. If improvements have not been made and the recommendations have not been implemented this would result in a second *Limited Assurance* opinion. At this stage the Head of RIAS would recommend to members that they invite in the relevant Director / Head of Service to provide the necessary assurances that action would be taken to address the issues identified within the audit report.

2.8 **Appendix A** includes the follow up audits that have been allocated and their status. Once the audit is complete, the audit opinion will be reported to Committee.

2.9 The audit plan 2024/25 at **Appendix A** also includes audits that were not started during 2023/24 or were incomplete at year end. There are 14 of these which are listed at **Appendix C**.

**2.10** Table 3 below provides a summary of the status of these audits as of 31<sup>st</sup> December 2024; 12 of the 14 audits have been completed to at least draft report stage. In respect of the other 2 audits, one is yet to be allocated but to avoid duplication, information is awaited from Cardiff Council in respect of this Regional Emergency Duty Team audit. In addition, the Local Authority Trading Company audit is likely to be deferred and considered in the 2025/26 plan due to the position of previous recommendations and the consideration of appropriate structures within the model.

**Table 3 – Status of Audits Brought Forward into the Audit Plan 2024/25**

Status of Audits Assignments	Number	% Complete
Final report issued	7	50%
Draft report issued	5	36%
Audits in progress	0	
Planned Audits not yet allocated	2	
<b>Total</b>	<b>14</b>	<b>86%</b>

**2.11** **Appendix A** shows a total of 88 recommendations have been made to date to improve the control environment: these are 5 high priority, 36 medium priority and 47 low priority recommendations. The implementation of the high and medium priority recommendations is regularly monitored by the Audit team to ensure that the identified and agreed improvements are being made. More detailed information is included in a separate report to this Committee.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

The well-being goals identified in the Wellbeing and Future Generations Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

### **4. Climate Change and Nature Implications**

**4.1** None as a consequence of this report

## **5. Resources and Legal Considerations**

### **Financial**

- 5.1** There are no resource implications as a direct consequence of this report, but effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded and that there is sound financial management across all services.

### **Employment**

- 5.2** None as a direct consequence of this report.

### **Legal (Including Equalities)**

- 5.3** The provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2014 as amended from time to time. There are no equalities implications as a direct consequence of this report.

## **6. Background Papers**

None

Ref	Directorate	Area	Audit Objective	Status	Opinion			Recommendations			
					Substantial	Reasonable	Limited	High	Medium	Low	
	Cross Cutting	Follow up Limited Assurance Reports	To provide assurance that service areas where limited assurance opinions were provided are followed up in a timely manner								
1			Tender Evaluation & Award Follow Up - Building Services (Development & Investment Team)	final issued		√				2	
2			Tender Evaluation & Award Follow Up - Building Services (Project & Planned Team Services)	final issued				√	2	4	1
3			Insurance Follow Up	final issued		√			1	1	1
4			ICT Business Continuity Follow Up	draft issued			√				
5			Appointeeship & Deputysip Follow Up	in progress							
6			Adult Placements (Shared Lives) Follow Up	in progress							
7			Car Park Income follow Up	in progress							
8		Civil Enforcement Follow Up	in progress								
9	Cross Cutting	Annual Governance Statement	The completion of the Council's Annual Governance Statement, submission to Governance and Audit Committee and included with the Draft Statement of Accounts 2023/24 (including the Governance Assurance Statements from Corporate Officers and Senior Management).	final issued							
10	Cross Cutting	Safeguarding	This review will include an annual assessment of the Council's overall operating model for safeguarding								
11	Cross Cutting	Corporate Risk Management	A review of a sample of corporate risks to identify if they are being appropriately managed and progress is being reported accurately.								
	Cross Cutting	Grant Certification Work	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.								
12			Bus Services Support Grant 2023-24	final issued		√		1	0	1	
13			Regional Consortia School Improvement Grant 2023-24	final issued	√			0	0	0	
14			Illegal Money Lending Grant 2023-24	final issued	√			0	0	0	
15			Enable Grant 2023-24	final issued	√			0	0	0	
16		Housing Support Grant 2023-24	final issued	√			0	0	2		
17	Cross Cutting	Governance of Officer-led Strategic Boards	To review the structure and governance arrangements of the various Officer led Boards operating within the Council	final issued		√		0	2	3	
18	Cross Cutting	Information Governance	To provide assurance that identified strategic actions within the Information Governance baseline assessment are being effectively managed and are being delivered to plan .	in progress							
19	Cross Cutting	Reshaping	To provide assurance that arrangements being put in place will deliver what is required in terms of savings and development of the organisation								
20	Cross Cutting	Office Equipment Inventory	To provide assurance that desirable Council assets are recorded and that a clear audit trail exists for any movement eg) working from home, office moves, leavers ETC.	in progress							
21	Cross Cutting	Contract Management	To provide assurance that sufficient processes are in place to effectively monitor contracts throughout their life	final issued		√		0	3	1	
22	Cross Cutting	Fees & Charges	To review the process Council wide to include bookings, payments in advance, use of online payment facilities and the ability to take payments electronically whether online or in person.	final issued		√		0	2	0	
23	Corporate Resources	Local Authority Trading Company	To provide assurances on the governance and operation of the Catering Company.	allocated							
	Corporate Resources	Key Financial Systems	A rolling programme of audits is adopted for material systems whereby the work programme for each year will differ.								
24			Revenues	in progress							
25			Business Rates	in progress							
26	Corporate Resources	Financial Management Code	To provide assurance that the information presented is accurate								
27	Corporate Resources	Capital Accounting & Asset Register	To undertake a review of the Capital Accounting & Asset Register and provide assurance to Management of the controls in place	final issued	√			0	0	3	
28	Corporate Resources	Budget Savings	To identify and review the systems in place to monitor the high level of savings identified and to record any emerging pressures	final issued	√			0	0	2	
29	Corporate Resources	Value Added Tax (VAT)	To provide assurance that VAT processes and procedures are in place to ensure that is correctly accounted for as per legislative requirements	in progress							
	Corporate Resources	ICT Audits	ICT systems reviews will be undertaken across Directorates ICT systems to ensure robust controls are evident and operating effectively.								

Ref	Directorate	Area	Audit Objective	Status	Opinion			Recommendations		
					Substantial	Reasonable	Limited	High	Medium	Low
30			Tascomi System	in progress						
31			Logging & Monitoring	in progress						
32	Corporate Resources	Oracle Fusion	To provide assurance that the new processes are secure, effective and efficient							
33	Corporate Resources	Corporate Procurement	Review current documentation and guidance to provide assurance ensure that they are up-to-date, well aligned to the Council's Contract Procedure Rules and provides suitable direction to officers of the Council.	final issued		√		0	1	2
34	Corporate Resources	Corporate Contracts	To undertake a review of the corporate contracts in place across the Council including the central recording and monitoring processes. This review will also aim to identify how awareness of corporate contracts is promoted, identify the number of non corporate contracts in place and establish whether these are appropriate (based on a selected sample)	allocated						
35	Corporate Resources	Community Asset transfers	To provide assurance that controls in place in respect of the governance, risk and financial management of these transfers are effective	final issued	√			0	1	1
36	Corporate Resources	Communications & Social Networking	To review Council social media accounts to ensure compliance with any relevant legislation and internal policies	in progress						
37	Corporate Resources	Hybrid Council Meetings	To provide assurance that hybrid Council meetings are compliant, effective and efficient including stability of the solution							
38	Corporate Resources	Safer Recruitment	To provide assurances that safer recruitment is operating effectively across the council by ensuring that policies and procedures are in place and that, DBS, reference checks or risk assessments are in place prior to employment commencement.							
39	Corporate Resources	Health & Safety Arrangements	To review the arrangements in place (corporate and schools) for undertaking health and safety visits and provide assurance that visits are undertaken on a timely basis, a central record is maintained and key risks are identified / information appropriately communicated	in progress						
40	Environment & Housing	SRS Joint Service - Governance & Financial Controls	To provide assurance to the Shared Regulatory Service Board on the systems and processes in place in respect of the overall control environment including governance, risk management and internal control for the 2023-24 Financial Year.	final issued		√		0	2	6
41	Environment & Housing	SRS Joint Service - Income	To provide assurance that the processes in place to collect income within the SRS service are effective and efficient	draft issued		√				
42	Environment & Housing	NEC System	To provide assurance on governance and decision making around the current status of the NEC System project, with particular consideration to be made to lessons learnt from Phase 1 and the arrangements put in place going forward	in progress						
43	Environment & Housing	Garage Services	To review the current systems in place and verify the control environment in regards MOT's including Council vehicles, taxis and public MOT's.	final issued		√		0	4	3
44	Environment & Housing	Housing Tenancy Verification	To evaluate the systems and processes in place to ensure that the Council housing stock is being used effectively and that properties are not being occupied by those who do not have a right to do so	final issued		√		0	1	4
45	Environment & Housing	Hoarding, Skips & Scaffolding	To provide assurance that effective controls are in place in respect of the issuing of permits and the collection of income	final issued		√		0	3	1
	Learning & Skills	Schools	To undertake a number of school based reviews as well as cross cutting thematic reviews in accordance with the Internal Audit risk based assessment.							
46			St David's Primary School	final issued		√		0	7	7
47			Gladstone Primary School	draft issued		√				
48			Rhws Primary School	in progress						
49	Learning & Skills	School CRSA	To undertake the annual controlled risk self – assessment for schools. The aim of the process is to enable Head Teachers and Chair of Governors to review their internal controls and to ensure that they undertake and comply	in progress						
50	Learning & Skills	Additional Learning Needs (ALN)	To provide assurance that robust arrangements are in place to monitor and evaluate additional learning needs services, with specific reference to the implementation of the reduced timetable policy	remove						
51	Learning & Skills	Cyber Security - Schools	Undertake testing to ensure that school staff are aware of requirements to protect devices, services and networks and the information on them	draft issued		√				
52	Place	Filming Income	To provide assurance that there is a standard approach across the Council in respect of fees charged, waivers of fees being granted where beneficial and appropriate, and staff time is charged correctly.	draft issued		√				
53	Place	Independent Living Adaptation Grants (inc DFG follow Up)	To review the processes in place in respect of Disabled Facilities Grants (DFG) & Discretionary Adaptation Grants (DAG) applications and payments, having regard to the means testing process	final issued	√			0	1	3
54	Social Services	Regional Adoption Service	A compliance review to complete the Annual Accounting Statement	final issued	√			0	0	4
55	Social Services	Foster Carer Payments	To provide assurance that payments are accurate, supported by adequate assessments, authorised appropriately, and comply with formal agreements and these are subject to regular review and re-assessment.							
56	Social Services	Flying Start	To provide assurance that the financial systems and controls are effective, efficient and comply to the Council's policies and procedures	in progress						



Ref	Directorate	Area	Audit Objective	Status	Opinion			Recommendations		
					Substantial	Reasonable	Limited	High	Medium	Low
57	Social Services	Section 117	To seek assurance that processes are adhered to and people are supported with after care following Mental health involvement.	draft issued		√		1	2	2
58	Social Services	Emergency Duty Team	To review the governance arrangements in place to ensure the Council is correctly represented in regard to the Regional Emergency Duty Team							
59	Internal Audit	Compliance with PSIAS - Self Assessment	Review compliance with the Public Sector Internal Audit Standards.							
60	Internal Audit	Governance & Audit Committee / Member and SLT Reporting	This allocation covers Member reporting procedures, mainly to the Governance & Audit Committee, plan formulation and monitoring, and regular reporting to, and meeting with, the Section 151 Officer, SLT and the RIAS Board.							
61	Internal Audit	Compliance – expenses / mileage claims	Review of expenses / mileage claims submitted which are over three months old. Ongoing throughout the year.							
62	Internal Audit	Waiver Requests	To challenge the use of exemptions to both Contract and Finance Procedure Rules via the waiver procedure. Challenge provided throughout the year.							
63	Internal Audit	Meetings, Advice & Guidance	To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the authority.							
64	Internal Audit	Data Analytics	Data Analytics is proving to be a useful internal audit tool as councils become more reliant on electronic data, as data analytics enables a vast amount of data to be analysed when selecting testing samples							
65	Internal Audit	Audit Wales Liaison	To maintain professional relationship in line with good practice and the PSIAS							
66	Internal Audit	Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations.							
67	Internal Audit	Annual Opinion Report	To prepare and issue the Head of Audit's Annual Opinion Report 2023/24 and start preparation for 2024/25 report.							
68	Internal Audit	Audit Planning	To prepare and monitor the annual risk based audit plan for 2024/25 and commence preparation for 2025/26 plan							
69	Internal Audit	Audit Charter / Manual	To review and update the documents as required							
70	Internal Audit	Closure of reports - 2023/24	To finalise all draft reports outstanding at the end of 2023-24.							
71	Internal Audit	Emerging Risks / unplanned	To enable Audit Services to flexibly respond to provide assurance activity as required.							
72	Cross Cutting	Fraud / Error / Irregularity	National Fraud Initiative - Collection of data and analysis of matches for the NFI exercise, acting as first point of contact and providing advice and guidance to key contact officers.							
73	Cross Cutting	Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.							
74	Cross Cutting	Fraud / Error / Irregularity	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.							
		<b>OVERALL TOTALS</b>			<b>9</b>	<b>17</b>	<b>2</b>	<b>5</b>	<b>36</b>	<b>47</b>

VOG Summary as at 30/12/24		% Completed
final issued	23	39%
draft issued	6	10%
in progress	17	
allocated	2	
planned	10	
removed	1	
<b>Total Planned Audits Started</b>	<b>59</b>	<b>49%</b>
no opinion	15	
<b>Total Audits on Plan</b>	<b>74</b>	

OPINIONS		
Substantial	9	32%
Reasonable	17	61%
Limited	2	7%
No Assurance	0	0%
	<b>28</b>	<b>100%</b>

RECOMMENDATIONS		
High	5	6%
Medium	36	41%
Low	47	53%
	<b>88</b>	<b>100%</b>

## Audits Brought Forward into the Audit Plan From 2023/24

Directorate	Area	Audit Objective	Status	Opinion			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
<b>VOG - AUDITS ONGOING AND CONTINUED INTO 2024/25</b>									
Cross Cutting	Follow up Limited Assurance Reports	To provide assurance that service areas where limited assurance opinions were provided are followed up in a timely manner							
		Tender Evaluation & Award Follow Up - Building Services (Development & Investment Team)	final issued		√			2	
		Tender Evaluation & Award Follow Up - Building Services (Project & Planned Team Services)	final issued			√		2	4
Corporate Resources	Corporate Procurement	Review current documentation and guidance to provide assurance ensure that they are up-to-date, well aligned to the Council's Contract Procedure Rules and provides suitable direction to officers of the Council.	final issued		√		0	1	2
Cross Cutting	Fees & Charges	To review the process Council wide to include bookings, payments in advance, use of online payment facilities and the ability to take payments electronically whether online or in person.	final issued		√		0	2	0
Learning & Skills	Cyber Security - Schools	Undertake testing to ensure that school staff are aware of requirements to protect devices, services and networks and the information on them	draft issued		√				
Social Services	Section 117	To seek assurance that processes are adhered to and people are supported with after care following Mental health involvement.	draft issued		√		1	2	2
Social Services	Regional Emergency Duty Team	To review the governance arrangements in place to ensure the Council is correctly represented in regard to the Regional Emergency Duty Team	planned						
<b>VOG - AUDITS NOT STARTED AND INCLUDED ON 2024/25 PLAN</b>									
Cross Cutting	Governance of Officer-led Strategic Boards	To review the structure and governance arrangements of the various Officer led Boards operating within the Council	draft issued		√				
Corporate Resources	Local Authority Trading Company	To provide assurances on the governance and operation of the Catering Company.	deferred						
Corporate Resources	Capital Accounting & Asset Register	To undertake a review of the Capital Accounting & Asset Register and provide assurance to Management of the controls in place	final issued	√			0	0	3
Corporate Resources	Budget Savings	To identify and review the systems in place to monitor the high level of savings identified and to record any emerging pressures	final issued	√			0	0	2
Environment & Housing	SRS Joint Service - Income	To provide assurance that the processes in place to collect income within the SRS service are effective and efficient	draft issued		√				
Place	Filming Income	To provide assurance that there is a standard approach across the Council in respect of fees charged, waivers of fees being granted where beneficial and appropriate, and staff time is charged correctly.	draft issued		√				
Place	Independent Living Adaptation Grants (inc DFG follow Up)	To review the processes in place in respect of Disabled Facilities Grants (DFG) & Discretionary Adaptation Grants (DAG) applications and payments, having regard to the means testing process	final issued	√			0	1	3
<b>OVERALL TOTALS</b>				<b>3</b>	<b>8</b>	<b>1</b>	<b>3</b>	<b>12</b>	<b>13</b>