



AUDIT COMMITTEE – 15TH OCTOBER 2019

SUBJECT: INTERNAL AUDIT SERVICES - MID YEAR PROGRESS REPORT

REPORT BY: INTERNAL AUDIT MANAGER

1. PURPOSE OF REPORT

- 1.1 To provide the Audit Committee with an overview of the work undertaken by Internal Audit Services in the first six months of the current financial year and to start the trial of the recommendation tracking process to enable the Committee to follow the successful clear down of outstanding recommendations.

2. SUMMARY

- 2.1 As part of the annual external audit of the financial statements for 2017-18 a recommendation was made that information presented to the Audit Committee in respect of audit reports issued by Internal Audit Services be presented in a tabular format and the rating given to each review and the number of recommendations made should be included.
- 2.2 For those reports that contain high risk recommendations a brief indication of the issues identified will also be provided to assist members understanding and provide context.
- 2.3 The updated format will form the basis of future progress reports to the Committee and will be used to enable the Committee to track the implementation of recommendations over time.

3. RECOMMENDATIONS

- 3.1 The Audit Committee note the content of this report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that the Audit Committee is aware of the work undertaken by Internal Audit Services in the first half of the year and understands the types of issues that are being identified and the level of assurance it can take from the ongoing audit process that is in place to ensure that agreed recommendations are appropriately implemented.

5. THE REPORT

- 5.1 Over the past few years the Audit Committee has been provided with performance data in a number of various formats mainly based around a mix of numerical data and narrative descriptive information directing focus onto those areas or issues that warrant further explanation or contextual information.
- 5.2 Previous content was intentionally kept at an appropriate level to provide the Committee with a knowledge of the coverage undertaken and an insight into the assurances that could be taken from the ongoing/rolling work that the internal audit processes are designed to achieve.
- 5.3 This approach was an attempt to avoid the Committee becoming embroiled in a large quantity of day to day operational detail thus enabling the Committee to keep its attention and focus on a more strategic approach as required by the CIPFA Audit Committee guidelines.

- 5.4 As part of the annual external audit of the financial statements for 2017-18 a recommendation was made that information periodically presented to the Audit Committee in respect of audit reports issued by Internal Audit Services be presented in a tabular format and the rating given to each review and the number of recommendations made should be included.
- 5.5 Table 1 presented below will form the basis of ongoing performance reporting and will have a clear focus on the issues being identified and a tracking element that will roll forward so that as improvement actions are implemented the Committee can take assurance that identified issues are being dealt with appropriately.
- 5.6 Where an audit review has identified a number of high risk issues, which will be shown within the table, a brief narrative will be provided underneath the table giving an indication of the issues identified. This is intended to improve the Committee's understanding of the risks identified and their relevance in terms of the whole Authority.

5.7 **Table 1**

Audit Review Title	Rating	Number of Recommendations			Review Quarter
		High Risk	Medium Risk	Merits Attention	
Current period					
Bryn Awel Primary	In need of improvement	7	7	0	4
YG Gilfach Fargoed	In need of improvement	2	3	0	4
Tourist Information Centre	In need of improvement	1	1	0	3/4
Brooklands Day Centre	In need of improvement	1	5	1	3/4
Brondeg Day Centre	In need of improvement	2	4	0	4
Hendredenny Primary	Effective with opportunity for improvement	0	8	0	N/A
Cwrt Rawlin Primary	Effective with opportunity for improvement	0	8	2	N/A
Bargoed Library	Effective with opportunity for improvement	0	2	4	N/A
Machen Primary	Effective with opportunity for improvement	0	13	0	N/A
YG Trelyn	Effective with opportunity for improvement	0	6	1	N/A
Rhydri Primary	In need of improvement	4	6	1	4
Cwmfelinfach Primary	Effective with opportunity for improvement	0	7	0	N/A
Leavers and IT processes	Effective with opportunity for improvement.	0	8	1	N/A
Education Improvement Grant (£6m)	Unqualified certification	N/A	N/A	N/A	N/A
Pupil Deprivation Grant	Unqualified certification	N/A	N/A	N/A	N/A
Supporting People Finance (£6m)	Unqualified certification	N/A	N/A	N/A	N/A
Supporting People Outcomes	Unqualified certification	N/A	N/A	N/A	N/A
CCTV (Public Open Space) Scheme 2019-20	Effective/ Effective with Opportunity for improvement	0	10	5	N/A
Youth Service Grant	Unqualified certification	N/A	N/A	N/A	N/A

- 5.8 The high risk areas identified in the current period for each individual audit are:-

- 5.8.1 Bryn Awel Primary
- School meals – data/arrears/meals ordered & served
 - Contracts – controlling leases
 - Budget – shortfall
 - Private Fund – no reconciliation/submission

- 5.8.2 YG Gilfach Fargoed
- Budget – shortfall
 - GDPR – training/cctv policy

- 5.8.3 Tourist Information Centre
- PCI DSS Compliance

- 5.8.4 Brooklands Day Centre
- GDPR – training/privacy notices

- 5.8.5 Brondeg Day Centre
- GDPR – training/privacy notices

- 5.8.6 Rhydri Primary
- Private Fund - no reconciliation/submission
 - School meals – arrears/staff meals not charged
 - Duplicate payments

5.9 Table 2 will provide the Audit Committee with an updated position for audit reviews completed and reported in previous periods. Showing progress made in the implementation of agreed recommendations it will enable the Committee to see that satisfactory progress is being made and also review those areas where additional focus may be required.

Table 2

Outstanding recommendations from previous periods		
Audit Review Title	Rating	Review Quarter
Islwyn High	Inadequate	3
Park Primary	In need of improvement	3/4
Risca Primary	In need of improvement	3
White Rose Primary	In need of improvement	4
YG Bro Allta	In need of improvement	4
Llanfabon Infants	In need of improvement	3
Gilfach Fargoed Primary	In need of improvement	3/4
NFI payroll	In need of improvement	4
PCI Compliance	In need of improvement	3
WHQS data Compliance	In need of improvement	4
Treasury Mgt	In need of improvement	4
School transport - Taxis	Unsatisfactory/ In need of improvement	4
Section 17 payments Compliance	In need of improvement	4

5.10 Table 3 will provide the Committee with an indication of some of the topics currently being worked on by internal audit staff and will in future periods be reported within Table 1 once completed.

Table 3

Audit reviews started but ongoing at end of period	Status
Payroll Starters	In progress
Payroll Leavers	In progress
Compliance with Flexible Working Policy	In progress
Social Services - External Providers	In progress
Customer and Digital Services – cash handling processes	Draft report with management
Homelessness	Draft report with management
PCI Compliance	In progress
NFI 2018/2020	In progress
Ystrad Mynach Primary	Draft report with management
Glyngae Primary	Draft report with management
Cwmaber Junior	Draft report with management
Blackberry Catering	In progress
Winding House	In progress
Pontllanfraith Primary	In progress

5.11 Other significant areas of audit activity during the period.

5.11.1 Review and following up work brought forward from the previous period.

5.11.2 Full time secondment of one member of staff to the housing department to assist with the data validation exercise being undertaken as a result of previous internal audit review.

5.11.3 Ongoing work in respect of two special investigations that were started in the previous period.

5.11.4 Implementation work required to develop and migrate the Audit systems, data and processes into the new digital platform, Pentana MK insights. A significant amount of staff time has been spent on this in order to secure the anticipated benefits of the system.

5.11.5 Information Governance Steward work, supporting the Data Protection Officer in promoting and embedding good practice in relation to information governance.

Conclusion

5.12 Over the coming months the revised format of reporting will be under constant review to ensure it is achieving its intended purpose and that the content, style and clarity is suitable for the Audit Committee.

6. ASSUMPTIONS

6.1 No assumptions were made in this report.

7. LINKS TO RELEVANT COUNCIL POLICIES

7.1 Strong corporate governance arrangements are an essential element of ensuring that the Council's key priorities are effectively delivered.

8. WELL-BEING OF FUTURE GENERATIONS

8.1 Strong corporate governance arrangements are a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met: -

- A prosperous Wales.
- A resilient Wales.
- A healthier Wales.
- A more equal Wales.
- A Wales of cohesive communities.
- A Wales of vibrant culture and thriving Welsh Language.
- A globally responsible Wales.

9. EQUALITIES IMPLICATIONS

9.1 There are no equalities implications.

10. FINANCIAL IMPLICATIONS

10.1 There are no direct financial implications arising from this report.

11. PERSONNEL IMPLICATIONS

11.1 There are no personnel implications.

12. CONSULTATIONS

12.1 Any comments received from consultees have been included within the report.

13. STATUTORY POWER

13.1 Local Government Act 2000

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