

**Bridgend and Vale Internal Audit Service:
Head of Internal Audit's Performance Report April 2018 to July 2018
Bridgend County Borough Council.**

Section 1 - Introduction

The 2018/19 Internal Audit Plan was submitted to the Audit Committee for consideration and approval on the 26th April 2018. The Plan outlined the assignments to be carried out and their respective priorities. The information summarised below; provides an update on the work undertaken by Internal Audit for the period April to July 2018, together with an update on performance.

Section 2 – Core Financial Systems – C/F from 2017/18

The following reviews of core financial systems were carried forward from 2017/18 and concluded during the first quarter of the 2018/19 Financial Year. It should be noted that all testing undertaken was based on transactions in 2017/18.

Table 1.

Core Financial System Description	Assurance Opinion			Recommendations Raised	
	Substantial	Reasonable	Limited	Fundamental High	Significant Medium
Creditors	√				1
Debtors	√				2
Automated Processes	√				0
Banking		√			2
Total Audits (4)	3	1	0	0	5

Recommendations have been agreed and Management Implementation Plans have been received.

Section 3 – Other Reviews

The following other reviews have been undertaken and completed during the period April to July 2018:-

Table 2.

Other Reviews	Assurance Opinion			Recommendations Raised	
	Substantial	Reasonable	Limited	Fundamental High	Significant Medium
C/F Overtime & Excessive Hours		√			3
C/F Energy Management Carbon Reduction Certificate		√			2
Porthcawl Harbour Annual Return certification		√			
C/F Flying Start			√		12
Audit Committee - TOR's - Unplanned		√			
Coychurch Crematorium Annual Return certification		√			
Bus Services Support Grant Claim certification	√				
Total Audits (7)	1	5	1		17

Flying Start operates from various settings located across the County and is a grant funded scheme, therefore it is imperative that the control environment is robust and source documents can fully support grant claims. Value for money must be a consideration when procuring goods and/or services. Due to the type of purchases which includes food items, the Corporate Procurement Card is the most frequently used method of purchasing and it is this area that has been the focus of the Internal Audit review. The review resulted in a limited assurance report being issued and the following key issues were identified during the Audit:

- The format of Resource Request Forms were not fit for purpose;
- Not all purchases could be supported by invoices/receipts due to loss of documents; and
- Significant weaknesses in controls surrounding recording and approval mechanisms were identified.

The Management Implementation Plan has been completed and returned and Management have confirmed that all 12 recommendations have been implemented. As this is a limited assurance report, a follow up review will be undertaken by Internal Audit within the next three months.

All 17 recommendations made to improve the overall control environment are followed up in accordance with the Internal Audit Shared Service Strategy.

Section 4 – Counter Fraud Work

The following counter fraud work including irregularity reviews have been carried out during the period.

Table 3

Counter Fraud & Corruption Work	Assurance Opinion			Recommendations Raised	
	Substantial	Reasonable	Limited	Fundamental High	Significant Medium
National Fraud Initiative	No opinion – user administration only – report to follow. New data sets are being collated in order to meet the deadline for submission for the new exercise in October 2018			n/a	n/a
Potential Misuse of PCard	Limited Assurance – matter referred to the Police			n/a	n/a
Total Audits (2)					

National Fraud Initiative is included in our audit plan; however, we only facilitate the upload of data and user account management. A separate report will be presented to the Audit Committee in accordance with their Forward Work Programme.

Section 5 – Work in Progress as at 31st July 2018

Table 4

Work In Progress	Update
School Agency Follow Up	This report has been issued in draft and we are awaiting the response from Senior Management on our proposal to undertake an in-depth review at the end of the Autumn Term 2018 when a full term's data will be available for testing of the recommendations made.

Section 117 Follow Up	The purpose of this review is to follow up on a Limited Assurance report issued in October 2017 to ensure that the recommendations agreed by management have been implemented in an attempt to reduce the risk. The audit field work is ongoing.
Fostering Follow Up	The objective of the audit was to ensure that adequate steps have been taken by the department to implement the agreed recommendations made in the Limited assurance Audit Report. This audit work is ongoing.
Business Continuity	To evaluate the Council's ICT Business Continuity Plan to determine how the Council will operate following an incident and how it expects to return to 'business as usual' in the quickest possible time afterwards. To provide assurance that roles and responsibilities are clearly defined and understood and that all relevant stakeholders are fully aware of the Plan and its content.
Corporate Safeguarding	To undertake an assessment of the Council's overall operating model for safeguarding to evaluate the Council's safeguarding performance. The review will include the safeguarding arrangements in place for vulnerable adults as well as children.
Community Action Fund	<p>The Community Action Fund was approved by Cabinet on 05/09/2017. Its aim being to create opportunities for localised intervention by Members within their own ward to the benefit of the community.</p> <p>The objectives of the audit are to ensure that the Community Action Fund's financial controls are efficient and effective and decisions are transparent and made in accordance with the published guidance.</p>
Health and Safety	To ensure there are suitable systems and controls in place across the Authority for managing Health & Safety, in particular training, risk assessments, record maintenance and incident and accident reporting, and that these are operating effectively.
Transformational Change	To identify the current position in regard to the Transformational Change Agenda with a view to identifying a further programme of audit work during 2018-19.

Section 6 – Key Performance Measures - Benchmarking

The Internal Audit Section participates annually in the Welsh Chief Auditors Group benchmarking exercise. The results for 2017/18 have recently been received and are as shown in Table 4 below:

Table 5

Performance Indicator 2016/2017	IASS Performance BCBC 2017/18	WCAG Average Performance 2017/18	IASS Performance for BCBC 2016/17	Overall WCAG Average Performance 2016/17
Percentage of Planned Audits Completed	79%	86%	91%	84%
Percentage of Audits Completed in Planned Time	59%	73%	63%	63%
Percentage of directly chargeable time, actual versus planned	58%	86%	97.8	92%
Average number of days from audit closing meeting to issue of draft report.	9.5 days	6 days	9.5 days	8 days
% of staff leaving during the Financial Year	35%*	12%	30.6*	10%

*combined figure for the shared service

It should be noted that 15 of the 22 Councils returned their performance figures this year representing a return rate of 68%. It is clear from the figures provided that the Section's performance has dipped when compared with that of 2016/17 and therefore there is room for improvement particular in respect of audits completed within planned time.

Section 7 – Key Performance Measures – Client Satisfaction Questionnaires

At the completion of each audit, all recipients of reports are asked to comment on their satisfaction with the audit process, by way of a survey questionnaire ranging from a score of 1 for very satisfied to a score of 5 very unsatisfied. The results for the period April to July 2018 are summarised in Table 5 below.

Table 6

No.	Question	Average Score of Responses to July 2018	Average Score of Responses to March 2018
1	Where appropriate, briefing of client and usefulness of initial discussion.	1.440	1.290
2	Appropriateness of scope and objectives of the audit.	1.560	1.380
3	Timelines of audit.	1.890	1.450
4	Response of Officer to any requests for advice and assistance.	1.440	1.100
5	General helpfulness and conduct of Auditor (s)	1.330	1.100
6	Discussion of findings / recommendations during or at the conclusion of the audit.	1.000	1.000
7	Fairness and accuracy of report.	1.440	1.190
8	Practicality and usefulness of recommendations	1.560	1.190
9	Standard of report.	1.440	1.100
10	Client agreement with overall audit opinion.	1.440	1.190

In addition to the above, the client also has an opportunity to make their own comments on the Client Satisfaction Survey. Set out below are two examples we have received during the period.



Section 8 – Key Performance Measures – Staff Training

We continue to invest in the development of staff; we have recognised that, whilst the overall audit budget continues to reduce, the need for high quality assurance services does not. Indeed, with the increasing challenges and complexity facing local government and other public sector services, the need for well trained, motivated and versatile audit staff has never been higher.

In terms of professional training, we have 1 member of staff who is currently studying for the Chartered Institute of Public Finance and Accountancy qualification. The member of staff has successfully completed the Professional Certificate stage of the qualification and has now moved on to the Professional Diploma stage.

Staff are encouraged to attend courses and seminars that develop their skills, develop skills for the shared service and also further develop network opportunities. Listed below are a number of training courses that staff have either attended or are scheduled to attend during the coming months:-

- COA Financials refresher training;
- IT Governance Principles
- Best Practices in threat intelligence for threat containment.
- Use of IDEA software;
- Safeguarding,
- General Data Protection Regulations training;
- Wales Audit Office – Finance for the future;
- Institute of Internal Auditors (IIA) Wales Conference and;
- CIPFA Procurement and Contract Audit Summit.
- Domestic Abuse and Sexual Violence

Section 9 – Matters of Note

With the exception of the limited report outlined in Section 3 above, there are no other matters that need to be highlighted from the work undertaken by Internal Audit during the period.

For information:- South West Audit Partnership are continuing to help to support the completion of reviews as outlined in the 2018/19 Risk Based Audit Plan. Three new members of staff have joined the Internal Audit Shared Service on 13th August and have been provided with the necessary induction training together with their work allocation for the relevant quarter.