

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO AUDIT COMMITTEE

30 JANUARY 2020

### REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

#### PROGRESS AGAINST THE AUDIT RISK BASED PLAN (1st APRIL 2019 to 31<sup>st</sup> DECEMBER 2019)

#### 1. Purpose of report

- 1.1 To provide Members with a position statement on progress being made against the audit work that was included and approved within the 2019-20 Internal Audit Annual Risk Based Plan.

#### 2. Connection to corporate improvement objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate priority:
- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

#### 3. Background

- 3.1 In accordance with the Public Sector Internal Audit Standards, the Head of Audit is responsible for developing a risk-based annual audit plan which takes into account 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.
- 3.2 The 2019/20 Internal Audit Annual Risk Based Plan was submitted to the Audit Committee for consideration and approval on 18th April 2019. The Plan outlined the assignments to be carried out and their respective priorities.

#### 4. Current situation/proposal

- 4.1 The Plan provided for a total of 1,101 audit days to cover the period April 2019 to March 2020. These days were split into those reviews considered to be Priority One and those considered to be Priority Two with the aim of completing the whole plan by the end of the financial year. As noted, when the Plan was approved, 2019/20 is a transitional year for the newly extended service so some flexibility is needed to deal with additional demands in terms of setting up this new service.
- 4.2 Actual progress against quarter 1 to quarter 3 of the 2019/20 Risk Based Plan is attached at **Appendix A** which details the status of each planned review, the audit

opinion and the number of any high or medium recommendations made to improve the control environment. It should be noted that some reviews listed have no audit opinion, for example advice and guidance, Audit Committee and Corporate Management Board (CMB) reporting. 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.

- 4.3 Appendix A illustrates that as at 31<sup>st</sup> December 2019, 28 items of work have been completed of which 23 audit reviews have resulted in an opinion being provided. A further 3 reviews have been carried out and draft reports issued that are awaiting feedback from Service Departments. Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment an audit opinion of substantial assurance has been given to 4 reviews and an opinion of reasonable assurance to 16 reviews
- 4.4 The remaining 3 audit reviews have been given an audit opinion of limited, that is only limited assurance can be placed on the current system of internal control. These areas are as follows:

#### Ogmore Vale School

This school has a relatively new Headteacher who is working towards making improvements at the school. Recommendations were made to enhance controls particularly the processes in place for hiring out school facilities including contracts, fee setting and income collection. These recommendations were agreed by the school and a further visit will be undertaken to provide assurance that improvements have been made.

#### Banks Automated Clearing System (BACS)

This review was to provide assurance on the adequacy and effectiveness of the control environment surrounding both direct debits and credits. Although it was found that BACS submissions were made in a timely manner and contingency measures were in place to safeguard the overall process in the event of any unplanned absences, some key control issues were identified. One fundamental weakness identified was that appropriate restrictions were not applied to all shared files. This recommendation was accepted, and action was immediately taken to rectify this. Staff were also reminded not to use such drives for confidential data. A follow up review will be undertaken to ensure that the agreed improvements have been made.

#### General Data Protection Regulations(GDPR)

South West Audit Partnership (SWAP) undertook this review and identified some significant opportunities for improvement in BCBC's data protection / GDPR control framework. One area identified is regarding the assessment of risks posed by GDPR. It has been recommended that a corporate risk assessment of the Council's GDPR processes is undertaken involving Corporate and Senior Managers across the Council. This is to ensure that all corporate risks relating to GDPR are identified and included in an action plan. All recommendations made during this review have been agreed by Officers and a follow up review to document progress will be undertaken.

- 4.5 Appendix A illustrates that a total of 6 high (fundamental) recommendations and 54 medium (significant) recommendations have been made to improve the control environment of the areas reviewed. The implementation of these recommendations will be monitored to ensure that improvements are being made.
- 4.6 A follow up of a previous years limited audit review has been completed in respect of the use of the purchasing cards held within the Early Intervention & Prevention Programmes. The previous limited assurance review, completed in 2018, identified many weaknesses in the internal controls that meant an internal fraud was not detected. The follow up review found that the procedures now in place are effective in mitigating the previous risks identified.
- 4.7 The audit plan was based on a fully staffed structure but, as previously reported, the Section continues to carry vacant posts whilst the staffing structure of the Regional Service is being agreed. Therefore, SWAP have been commissioned in order to address in part some of the shortfall in days necessary to complete the plan.

## **5. Effect upon policy framework and procedure rules**

- 5.1 There is no effect upon the policy framework and procedure rules.

## **6. Equality Impact Assessment**

- 6.1 There are no equality implications arising from this report.

## **7. Well-being of Future Generations (Wales) Act 2015 implications**

- 7.1 The well-being goals identified in the 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.

## **8. Financial implications**

- 8.1 Effective Audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

## **9. Recommendation**

- 9.1 That Members note the content of the report and the progress made against the 2019/20 Internal Audit Annual Risk Based Plan.

**Mark Thomas**  
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**15 January 2020**

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**Background Documents**

None