

Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	25 JANUARY 2024
Report Title:	PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2023-24
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, PERFORMANCE & CHANGE
Responsible Officer:	ANDREW WATHAN HEAD OF REGIONAL INTERNAL AUDIT SERVICE
Policy Framework and Procedure Rules:	The proposals in this report are in accordance with the policy framework and budget.
Executive Summary:	<ul style="list-style-type: none"> • The progress made against the approved internal audit risk-based plan 2023-24 for the period 1st April 2023 to 31st December 2023 shows that 22 of 42 planned audit reviews have been completed to date which equates to a completion rate of 52%. The Regional Internal Audit Service has set a target of 50% completion by the end of quarter 3. • Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment, audit opinions have been given to 22 audits. 19 audits have been given Substantial or Reasonable assurance and 3 audits have been given Limited assurance. Two of these have been completed since the previous report and details are included within the report. • Included within this year’s plan are 12 audits that were not undertaken or completed in 2022-23. 9 of the 12 audits are now completed and the remaining 3 are in progress. • A total of 86 recommendations have been made to date to improve the control environment. The progress being made in implementing these is regularly monitored by Internal Audit and reported to this Committee.

1. Purpose of Report

- 1.1 To provide members of the Committee with a position statement on progress being made against the audit work within the approved Internal Audit Risk Based Plan 2023-24.

2. Background

- 2.1 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.
- 2.2 The Internal Audit Plan for 2023-24 was submitted to the Governance and Audit Committee for consideration and approval on 1st June 2023. The Plan outlined the assignments to be carried out which will provide sufficient coverage to provide an overall opinion at the end of 2023-24.
- 2.3 The plan is flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may emerge.

3. Current situation / proposal

- 3.1 Progress made against the approved plan for the period 1st April 2023 to 31st December 2023 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 / Corporate Management Board (CMB) reporting / Fraud, Error, 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.
- 3.2 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 in order 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%
- 3.3 As at 31st December 2023, the level of coverage is 52%. A summary of the progress made to date is shown in Table 1 below. Details of individual audit assignments are shown in **Appendix A**.

Table 1 – Summary of the Progress Against the Audit Plan 2023-24

Status of Audits Assignments	Number	% of plan completed
Final report issued	20	47%
Draft report issued	2	5%
Audits in progress	15	
Audits allocated and due to start in this quarter	5	
Planned Audits not started	0	
Total	42	52%

- 3.4 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 as of 31st December 2023. Details of individual audit assignments are shown in **Appendix A**.

Table 2 – Audit Opinions Applied to Audits as of 31st December 2023

Audit Opinion	Number
Substantial Assurance	7
Reasonable Assurance	12
Limited Assurance	3
No Assurance	0
Total	22

- 3.5 For reference, the audit assurance/opinion categories are:

AUDIT ASSURANCE CATEGORY CODE	
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	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.
Limited	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.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

- 3.6 Table 2 identifies that three audits have been given a Limited assurance opinion; the identified risks of the 2 audits completed since the last report are detailed below.

Security & Access to Council Buildings

The following key issues were identified during the audit which need to be addressed:

- There is an exceptionally high number of individuals with administrator rights to the door access control system known as the ACT system.
- One building is no longer used by the majority of council staff but staff access permissions have not been amended to restrict unnecessary access.
- Testing showed a high number of leavers from the council, agencies and shared services remaining live on the access system.
- There is no current contract in place with the provider of the out of hours keyholding service.

Adult Placement / Shared Lives

This service is run under a partnership agreement between the Vale of Glamorgan Council and Bridgend County Borough Council with the Vale of Glamorgan Council as the lead authority. The Adult Placement (Shared Lives) Service Board, consisting of nominated officers from both authorities, are responsible for the governance hence the audit report has been issued to both Councils. The areas of improvement identified during this audit were :

- The audit found a lack of formal procedures in place in relation to administrative processes
- Minimal signed agreements for both the approved hosts and the service users were on file, and these are required by Regulations.
- Inconsistent Project Worker methods of monitoring cases were identified and insufficient procedures were in place to support individuals to safely manage their finances in line with Regulations.
- In addition, approved hosts have not been provided with the appropriate training.

- 3.7 The audit plan 2023-24 at **Appendix A** includes audits that were not started during 2022-23 or were incomplete at year end. There are 12 of these which are detailed at **Appendix B**. Table 3 below provides a summary of the status of these 12 audits as at 31st December 2023.

Table 3 – Status of Audits Carried Forward into the Audit Plan 2023-24 as at 31st December 2023

Status of Audits Assignments	Number	% Complete
Final report issued	8	67%
Draft report issued	1	8%
Audit in progress	1	
Audit allocated and due to start in quarter 4	2	

Planned Audits not started	0	
Total	12	75%

3.8 **Appendix A** shows a total of 86 recommendations have been made to date to improve the control environment: 10 high priority, 43 medium priority and 33 low priority. The implementation of the high and medium priority recommendations are regularly monitored by the Auditors to ensure that the identified and agreed improvements are being made. More detailed information is included in a separate report to this Committee.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 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

6. Climate Change Implications

6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from this report.

8. Financial Implications

8.1 There are no direct financial implications arising from this report however 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 It is recommended that members of the Committee note the content of the report and the progress made against the 2023-24 Internal Audit Risk Based Plan.

Background documents

None