



# Role of Internal Audit & Update on the Shared Service

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5<sup>th</sup> November 2019

# Introduction

## Personal Background & Experience

Mid Glamorgan County Council – 5 years

Gwent County Council - 3 years

Merthyr Tydfil BC & CBC – 25 years

NHS Capital & PFI Audit – 6 months

Fully Qualified CIPFA Accountant, Accounting Technician  
& Programme Manager

22 years experience as Internal Auditor/Manager

9 years Corporate Management Team experience  
including leading IA Service alongside a range of other  
services

2 years private sector Director experience

# Background to the Service

Initially established as a Shared Service for Bridgend & Vale of Glamorgan in 2013 (hosted by VofG)

Discussions started in 2017 over the expansion of service to include RCT and Merthyr Tydfil.

Decisions made join up to the expanded Shared Service in summer 2018 by the respective Councils.

Service established on 1<sup>st</sup> April 2019 with staff transferred to VofG employment.

Staff still based in each of the 4 Councils

Oversight of the Service is in the form of a Joint Partnership Board and comprising of Section 151 Officers from each Council as well as each Audit Committee.

# Objectives Identified

The service is affordable and is delivering efficiencies and economies of scale;

The service enhances the professionalism and quality of audit services provided to each Council through shared knowledge and best practice;

The service is flexible and can respond to changing service requirements and priorities;

The service can extend access to specialist audit services and other related disciplines to each Council;

The service conforms with the Public Sector Internal Audit Standards, with no significant deviations noted.

# Opportunities/Benefits

To further improve the resilience of the service by creating a larger team of staff.

To develop in-house specialist audit skills not currently in place, such as contract and computer auditing, that will add value to key areas of the Council's business and provide development opportunities for team members;

To further modernise the service by applying consistent working practices and optimising the use of information technology and agile working; and

To take advantage of the economies of scale and in-house specialist audit skills to develop a more commercial approach whilst ensuring the Service's core business is maintained.

# Immediate priorities & achievements for the service

Ensure a seamless transition from previous arrangements

Ensure IA plans for each Council have been developed, consulted on and are deliverable within the likely resources available

Production of Annual Internal Audit Reports for each Council

Continue to support all four Audit Committees

Continue to deliver the planned Audits for each Council

# Priorities for the first 12 months

Develop Structure taking into account TUPE requirements and SWOT analysis (using South West Audit Partnership - SWAP to fill the gap in the short term)

Confirm ICT Solution & Arrangements

Identify & evaluate different approaches/ methodologies of each IA team and identify most appropriate to adopt

# Ensuring longer term success of the service

## Development of Commercial Approach

### 1 Analysis of potential public sector market

Neighbouring Councils	Colleges/Universities
Police	Registered Social Landlords
Town & Community Councils	Leisure Trusts
Fire Service	Welsh Government & Agencies



# Role of Internal Audit

Statutory Service - All local authorities in Wales have a legal duty to maintain appropriate and effective internal audit arrangements as set out in the Accounts and Audit (Wales) Regulations 2018

Audit Charter - Defines the purpose, authority and responsibilities of the Regional Internal Audit Shared Service.

Definition - 'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes' — Public Sector Internal Audit Standards – March 2017

Our main role is to check that Policies & Procedures are being complied with and to give an opinion on the arrangements in place.

# Role of Internal Audit(cont)

The Public Sector Internal Audit Standards provide the following definitions for assurance and consultancy work:

Assurance Services - An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements.

Consulting Services - Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the Internal Auditor assuming management responsibility.

Provided to the 4 Councils in the Shared Service as well as external parties e.g. Amgen and the Central South Consortium Joint Education Service.

# Role of Service(cont)

It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance;

Support the Chief Finance Officers to discharge their s151 duties;

Contribute to and support Directorates with the objective of ensuring the provision of, and promoting the need for, sound financial systems;

Investigate allegations of fraud or irregularity to help safeguard public funds in consultation with other Council Services;

Support the work of the relevant Audit Committees; and

Provide an annual audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

# Internal Audit Plan for RCTCBC 2019/20

A total of 1,193 audit days covering a range of audits e.g.

Schools, Attendance & Wellbeing Service, Grants,  
Sickness Absence

Major Financial Systems, (Debtors, Pensions, Treasury  
Management)

Social Services – Direct Payments, WCCIS, Contract  
Management, Adoption & Foster Carer Payments

Performance Indicators, Purchasing Cards

Capital Projects - 21<sup>st</sup> Century Schools, Highways

Various Services- Parking, Legal Services, Street  
Lighting,

Fraud & Irregularity

# Our Reports – The Opinion

## Audit Opinion - Methodology

After audit results have been ranked based upon the criteria and analysis above, the number of audit findings together with the ratings are assessed to determine the overall opinion to be issued. The opinion methodology is summarised as follows:

- **Effective.**
- **Effective with Opportunity for Improvement.**
- **Insufficient & requires improvement.**
- **Not adequate.**

**Note:** It is important to place the opinion within the context of the scope of the audit review.

<b><i>Effective</i></b>	<ul style="list-style-type: none"> <li>• Control environment is adequate</li> <li>• No findings are noted or a very small number of 'low' recommendations.</li> <li>• The control environment appears sound</li> <li>• All high level risks adequately controlled</li> </ul>
<b><i>Effective with opportunity for improvement</i></b>	<ul style="list-style-type: none"> <li>• Control environment is adequate but some exceptions exist</li> <li>• Some control weaknesses and/or opportunities for improvement observed</li> <li>• The control environment appears otherwise sound.</li> </ul>
<b><i>Insufficient and requires improvement</i></b>	<ul style="list-style-type: none"> <li>• Some high level risks are not adequately controlled</li> <li>• Immediate safety and soundness are not threatened, but the control environment requires improvement</li> <li>• There may be a risk of exposure to fraud or security vulnerabilities</li> </ul>
<b><i>Not Adequate</i></b>	<ul style="list-style-type: none"> <li>• Control environment is not adequate and below standard with significant exceptions</li> <li>• Lack of attention could lead to significant losses</li> <li>• The control environment is considered unsound</li> </ul>

Recommendations – Categorised as High, Medium or Low according to criteria

# Reports that you will receive from Internal Audit

Summary of finalised audit assignments

Performance Reports

Head of Internal Audit Annual Report

Draft Annual Audit Plan

# How we want to be regarded

Professional

Approachable

Flexible

Independent but Internal to the organisation

Here to help and advise, to assist management & staff and councillors - critical friend

We can share best practice based on our knowledge and experience over 4 Councils

We report to the organisation

Better for us to work together to identify areas for improvement to prevent things going wrong rather reacting to things that have already gone wrong

# Key contacts

Name	Title	Phone number	Email address	Base
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Questions