

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2020/21

AUDIT COMMITTEE 1st February 2021	AGENDA ITEM NO. 5
REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES	INTERNAL AUDIT PERFORMANCE 2020/21

Author: Mark Thomas (Head of Regional Internal Audit Service) & Lisa Cumpston (Group Audit Manager)

1. PURPOSE OF THE REPORT

- 1.1 This report provides the performance information in respect of the Internal Audit Service as at 18th January 2021.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review the information contained within the report and identify whether there are any areas where specific issues are of concern.
- 2.2 Consider what comments and recommendations, if any, they wish to make.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To help ensure that Audit Committee monitors the performance of the Council's Internal Audit Service, in accordance with its Terms of Reference.

4. BACKGROUND

- 4.1 The Audit Committee Terms of Reference (Point J) requires it 'To receive reports on the performance of the Internal Audit Service throughout the year particularly in relation to matters of financial probity and corporate governance'.

- 4.2 In line with this requirement the Interim Risk Based Audit Plan for 2020/21 was presented to Audit Committee and approved on 20th July 2020.
- 4.3 It was reported at this time that due to the on-going COVID-19 pandemic the plan would need to be more flexible than usual to allow the service to respond to changing circumstances and events that may occur throughout the year. It was also reported that there would be a lower level of coverage than in previous years and different emphasis due to the impact of the pandemic e.g. particular risks arising from COVID, re-prioritising resources to support Track Trace Protect (TTP) work, childcare responsibilities, sickness, availability of audit and service staff and challenges arising from the remote way of working.

Impact of Covid 19 and Issues Impacting Service Delivery

- 4.4 To date there has been a need to learn what works and what doesn't as an approach and take account of pressures on particular services, schools and individuals when conducting our work. Planned audit assignments have taken longer to complete as Audit staff are reliant on service staff to provide evidence remotely at a time when many service areas are already under increased pressure. Schools have also been impacted and requested additional time to complete and return the Self Evaluation Toolkits that have previously been issued, due to unprecedented challenges and the pressures they are now facing daily as a result of the pandemic and various lockdowns. Notwithstanding this position, the Internal Audit Service and Services have positively engaged to progress the delivery of the Internal Audit Plan.
- 4.5 It has been necessary as an audit service to apply new ways of working and progress with technology to undertake audit reviews remotely. Internal Audit testing is now undertaken remotely using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documentation for remote auditing, to provide the level of assurance needed.
- 4.6 There has also been a need to react to the ongoing challenges faced by the Council, and provide support on emerging issues as they arise. An example of this is a specific on 'Free School Meals – Self Isolation Payments', providing assurance that the appropriate controls are in place in respect of a new process put into place as a result of the pandemic.
- 4.7 One member of Internal Audit staff has been seconded to work on the TTP team until April 2021 and a further two staff members have been absent from work for a significant part of the year due to long term sickness. These absences have contributed to the unprecedented challenges the service has faced during the current year.

- 4.8 As a result of the above circumstances, additional external capacity has been secured to undertake a small number of audits; this will ensure sufficient internal audit coverage is achieved to enable the Head of Internal Audit to issue an opinion on the adequacy of the Council's Risk Management, Governance and Internal Control arrangements.

Update on Regional Internal Audit Service

- 4.9 Work is in progress on evaluating the different approaches / methodologies of each internal audit team to identify and develop the best approach to take. The results of this exercise are being used to configure and build the new audit software system (MK Insight) which has been procured for the Regional Service and will become operational in April 2021. Training for all staff was undertaken in January 2021 and this will help to shape the way the service is delivered in future and allow a more consistent approach in relation to the way we undertake our work, terminology, the audit reporting process and format of our draft and final reports.
- 4.10 A new staffing structure has been developed. It has not been possible to implement this yet due to HR issues arising during the COVID pandemic period. It is envisaged that these will be resolved in the near future enabling the structure to be finalised which is a key priority for the service. In parallel, we have interviewed and appointed a trainee Auditor to support the longer term development of the service, increase capacity whilst also providing a valuable resource.
- 4.11 **Appendix 1** provides a detailed breakdown of the individual audit assignments as at 18th January 2021 and this is summarised as follows:

Status	No. Of Audits
Final Report Issued	6
Draft Report Issued	5
Fieldwork Complete / Awaiting Manager Review	1
Fieldwork in Progress	13
Audit Fieldwork being Scoped	2

Total: 27

- 4.12 **Appendix 2** provides a summary of the status of all recommendations made by the Internal Audit Service, grouped under the relevant service of the Council.

5. EQUALITY AND DIVERSITY IMPLICATIONS

- 5.1 There are no equality and diversity implications as a result of the recommendations set out in the report.

6. CONSULTATION

- 6.1 There are no consultation implications as a result of the recommendations set out in the report.

7. FINANCIAL IMPLICATION(S)

- 7.1 There are no financial implications as a result of the recommendations set out in the report.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 The provision of regular information in respect of the Council's Internal Audit Service supports the Council in demonstrating compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2018.

- 8.2 Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: *"A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control."*

9. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 9.1 The work of Internal Audit aims to support the delivery of the priorities contained within the Council's Corporate Plan 2020-2024 'Making a Difference', in particular 'Living Within Our Means' through ensuring that appropriate internal controls are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

- 9.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

10. CONCLUSION

- 10.1 Monitoring the performance of Internal Audit is a key responsibility for Audit Committee. This report provides Audit Committee with detailed information with which the performance of the Service can be reviewed and scrutinised.

Other Information:-

Relevant Scrutiny Committee

Not applicable.

Contact Officers –Mark Thomas & Lisa Cumpston

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

1st February 2021

INTERNAL AUDIT PERFORMANCE 2020/21

REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES

Author:

Mark Thomas (Head of Regional Internal Audit Service) & Lisa Cumpston (Group Audit Manager)

Item: 5

Background Papers

None.

Officer to contact: Mark Thomas

Appendix 1 – Internal Audit Performance 2020/21

Final Report Issued
Draft Report Issued
Fieldwork Complete & Awaiting Manager Review
Audit Fieldwork in Progress
Audit Fieldwork being Scoped

DIRECTORATE	AUDITS	CATEGORY	AUDIT OPINION	NUMBER OF RECS
CHIEF EXECUTIVE	ADMINISTRATION OF TRUST FUNDS	STATUTORY	Effective	0
EDUCATION & INCLUSION SERVICES	REGIONAL CONSORTIA SCHOOL IMPROVEMENT GRANT (RCSIG)	GRANT CERTIFICATION	Effective	0
CENTRAL SOUTH CONSORTIUM	CSC - REGIONAL CONSORTIA SCHOOL IMPROVEMENT GRANT	GRANT CERTIFICATION	Effective	0
EDUCATION & INCLUSION SERVICES	LOCAL EDUCATION AUTHORITY GRANT	GRANT CERTIFICATION	Effective	0
EDUCATION & INCLUSION SERVICES	PUPIL DEPRIVATION GRANT	GRANT CERTIFICATION	Effective	0
CENTRAL SOUTH CONSORTIUM	CSC - PUPIL DEPRIVATION GRANT	GRANT CERTIFICATION	Effective	0
WHOLE AUTHORITY ARRANGEMENTS	REFUNDS & REIMBURSEMENTS	OVERALL CONTROL ENVIRONMENT	Effective	0
EDUCATION & INCLUSION SERVICES	FREE SCHOOL MEALS SELF ISOLATION PAYMENTS	COVID 19	n/a	n/a
CHIEF EXECUTIVE	BENEFITS (INCL COVID RELATED RISKS)	CORE FINANCIAL	Effective with opportunity for improvement	2
CHIEF EXECUTIVE	DIGITALISATION (INCL COVID RELATED RISKS)	CORPORATE PLAN PRIORITY	Effective with opportunity for improvement	2

CHIEF EXECUTIVE	CREDITORS (INCL COVID RELATED RISKS)	CORE FINANCIAL	Effective with opportunity for improvement	1
EDUCATION & INCLUSION SERVICES	YSGOL LLANHARI – REMOTE FOLLOW UP	OVERALL CONTROL ENVIRONMENT		
CHIEF EXECUTIVE	PURCHASE CARDS – NON SCHOOL SPEND	OVERALL CONTROL ENVIRONMENT		
EDUCATION & INCLUSION SERVICES	YSGOL NANTGWYN – REMOTE FOLLOW UP	OVERALL CONTROL ENVIRONMENT		
EDUCATION & INCLUSION SERVICES	TONYREFAIL SCHOOL – REMOTE FOLLOW UP	OVERALL CONTROL ENVIRONMENT		
EDUCATION & INCLUSION SERVICES	SCHOOLS SELF EVALUATION REPORT – COMPREHENSIVE SCHOOLS	OVERALL CONTROL ENVIRONMENT		
EDUCATION & INCLUSION SERVICES	SCHOOLS SELF EVALUATION REPORT – PRIMARY SCHOOLS	OVERALL CONTROL ENVIRONMENT		
CHIEF EXECUTIVE	PENSIONS	CORE FINANCIAL		
AMGEN	AMGEN – DEBTORS	OVERALL CONTROL ENVIRONMENT		
AMGEN	AMGEN – CREDITORS	OVERALL CONTROL ENVIRONMENT		
AMGEN	AMGEN – GENERAL LEDGER	OVERALL CONTROL ENVIRONMENT		
AMGEN	AMGEN - PAYROLL	OVERALL CONTROL ENVIRONMENT		
CENTRAL SOUTH CONSORTIUM	CSC – GENERAL LEDGER	OVERALL CONTROL ENVIRONMENT		
EDUCATION & INCLUSION SERVICES	DCELLS POST 16 GRANT CERTIFICATION	GRANT CERTIFICATION		
WHOLE AUTHORITY ARRANGEMENTS	RISK MANAGEMENT	RISK MANAGEMENT		
COMMUNITY & CHILDREN'S SERVICES	SECTION 17 PAYMENTS (PREVENTION PAYMENTS)	OVERALL CONTROL ENVIRONMENT		
WHOLE AUTHORITY ARRANGEMENTS	REMOTE WORKING IMPACT ON GOVERNANCE & INTERNAL CONTROL	COVID 19		

Appendix 2 - The Status of Recommendations

STATUS SUMMARY OF AGREED RECOMMENDATIONS (2014 – date)

CHIEF EXECUTIVE

Number of HIGH Recs	STATUS		
12	Implemented	Overdue / Outstanding	Target Date in the Future
	12	0	0
Number of MEDIUM Recs	STATUS		
87	Implemented	Overdue / Outstanding	Target Date in the Future
	86	0	1
Number of LOW Recs	STATUS		
68	Implemented	Overdue / Outstanding	Target Date in the Future
	68	0	0

COMMUNITY & CHILDREN'S SERVICES

Number of HIGH Recs	STATUS		
26	Implemented	Overdue / Outstanding	Target Date in the Future
	26	0	0
Number of MEDIUM Recs	STATUS		
193	Implemented	Overdue / Outstanding	Target Date in the Future
	179	6	8
Number of LOW Recs	STATUS		
108	Implemented	Overdue / Outstanding	Target Date in the Future
	105	1	2

CORPORATE & FRONTLINE SERVICES *

Number of HIGH Recs	STATUS		
33	Implemented	Overdue / Outstanding	Target Date in the Future
	33	0	0
Number of MEDIUM Recs	STATUS		
100	Implemented	Overdue / Outstanding	Target Date in the Future
	99	1	0
Number of LOW Recs	STATUS		
47	Implemented	Overdue / Outstanding	Target Date in the Future
	47	0	0

EDUCATION & INCLUSION SERVICES

Number of HIGH Recs	STATUS		
376	Implemented	Overdue / Outstanding	Target Date in the Future
	375	0	1
Number of MEDIUM Recs	STATUS		
1030	Implemented	Overdue / Outstanding	Target Date in the Future
	1023	1	6
Number of LOW Recs	STATUS		
697	Implemented	Overdue / Outstanding	Target Date in the Future
	694	0	0

PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES

Number of HIGH Recs	STATUS		
0	Implemented	Overdue / Outstanding	Target Date in the Future
	0	0	0
Number of MEDIUM Recs	STATUS		
21	Implemented	Overdue / Outstanding	Target Date in the Future
	21	0	0

Number of LOW Recs	STATUS		
2	Implemented	Overdue / Outstanding	Target Date in the Future
	2	0	0

WHOLE AUTHORITY ARRANGEMENTS

Number of HIGH Recs	STATUS		
9	Implemented	Overdue / Outstanding	Target Date in the Future
	9	0	0
Number of MEDIUM Recs	STATUS		
11	Implemented	Overdue / Outstanding	Target Date in the Future
	10	0	1
Number of LOW Recs	STATUS		
0	Implemented	Overdue / Outstanding	Target Date in the Future
	0	0	0

* where recommendations appear against a Directorate which no longer exists e.g. Corporate & Frontline Services, this is due to audit software reporting recommendations under the originating Directorate / Audit even though the Directorate has since been replaced.