



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2021/22

COMMITTEE: GOVERNANCE AND AUDIT COMMITTEE 12 th July 2021	Item No. 8
REPORT OF: HEAD OF REGIONAL INTERNAL AUDIT SERVICE	Internal Audit Annual Report 2020/21

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

1. PURPOSE OF THE REPORT

The purpose of this report is to provide the Head of Audit's Annual Opinion and to inform the Governance and Audit Committee of the work & performance of Internal Audit for the Financial Year 2020/21.

2. RECOMMENDATIONS

- 2.1 It is recommended that Members give due consideration to the Annual Internal Audit Report for the Financial Year 2020/21 including the Head of Audit's Annual Opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Governance and Audit Committee receives the annual opinion from the Head of Internal Audit in respect of the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control and to monitor the performance of the Council's Internal Audit Service in accordance with its Terms of Reference.

4. **BACKGROUND**

- 4.1 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an Annual Report to support the Annual Governance Statement. The report should:
- Include an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control;
 - Present a summary of the audit work undertaken;
 - Draw attention to any issues that may impact on the level of assurance provided;
 - Provide a summary of the performance for the service; and
 - Comment on conformance with the Public Sector Internal Audit Standards.
- 4.2 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.
- 4.3 The Interim Risk Based Plan for 2020/21 was presented to Audit Committee and approved on 20th July 2020. It was reported at this time that due to the ongoing 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 absence, availability of audit and service staff and challenges from the remote way of auditing.
- 4.4 In addition, the Governance and Audit Committee Terms of Reference include the following responsibility:
- “To receive and consider the Head of Internal Audit’s Annual Report and opinion on the level of assurance it can give over the Authority’s governance arrangements and associated internal control environment”.*
- 4.5 2020/21 has seen the Covid-19 pandemic have a major impact on how the Council has had to operate and the governance arrangements and processes that were put in place to ensure it could continue to support residents and businesses during this difficult and challenging year.
- 4.6 Covid-19 also changed how audit work was carried out in 2020/21 and all staff have worked from home for the year. Audits have been conducted remotely using various digital solutions, holding remote meetings, sharing of

screens, and sending of data and evidence electronically.

- 4.7 Whilst there was a steep learning curve both for audit staff and auditees all have adjusted well to the new ways of working. Audits have taken longer than usual, in particular where services have been under more pressure, or obtaining evidence has been more time consuming.
- 4.8 It is likely that the service will continue to be delivered remotely for the foreseeable future with an element of office based/face to face working introduced over time when restrictions allow.
- 4.9 The Interim Risk Based Plan for 2020/21 is at **Appendix A** which summaries the planned reviews undertaken during 2020/21, the recommendations made and any control issues identified. It also includes details of the unplanned reviews undertaken in response to emerging risks and requests from Management to provide assurance that the appropriate controls are in place, where new processes have been introduced as a result of the pandemic. A total of 28 finalised audit assignments culminating in an overall opinion have been completed with a further 2 assignments currently at draft report stage (a total of 30 audit assignments).
- 4.10 Following the presentation of the Audit Plan to Audit Committee on 20th July 2020, there was a further re-prioritising of resources to support TTP work in response to the second wave of the pandemic; a member of the Audit Team was seconded to the TTP Team for the remainder of the financial year. Together with an extended period of sickness absence which was not accounted for in the original Interim Risk Based Plan, there has been a significant impact on the available audit days to complete the audit assignments originally planned. The use of an external provider (SWAP) to provide additional resources to help deliver the audit plan for 2020/21 has also been utilised.
- 4.11 A total of 45 high, medium and low priority recommendations have been made and a detailed breakdown is included at **Annex 1** of the Appendix. The annual report also discusses the performance of the internal audit service during the year including benchmarking its performance against other local authorities and highlighting individual staff development and training that has taken place.
- 4.12 Progress against the 2020/21 risk-based plan is attached at **Annex 2**. This illustrates that 74% of planned audit reviews have been undertaken during 2020/21. Ten planned reviews will be carried forward into the risk-based audit plan for 2021/22 as a result of external factors impacting on the available audit days, and requests from Management to defer audits due to pressures on various service areas. One unplanned audit was also undertaken in response to emerging risks and at the request of Management.

5. EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY

- 5.1 There are no equality and diversity or socio-economic 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 an annual opinion in respect of the Council's overall system of governance, risk management and internal control 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 Taking into account the results of the internal audit reviews completed during 2020/21, the recommendations made and considering other sources of assurance the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for 2020/21 is '**Effective with a small number of areas identified for improvement**'.

10.2 No significant cross-cutting control issues have been identified that would impact on the Council's overall control environment and any areas for improvement that have been identified are service specific.

10.3 In providing this annual audit opinion, it should be noted that assurance can never be absolute. The most that internal audit can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work for the financial year 2020/21 and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

Other Information:-

Relevant Scrutiny Committee

Not applicable.

Contact Officer – Mark Thomas (Head of Regional Internal Audit Service)



LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

12th July 2020

HEAD OF REGIONAL INTERNAL AUDIT SERVICE

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

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Background Papers

None.

Officer to contact: Mark Thomas (Head of Regional Audit Service)

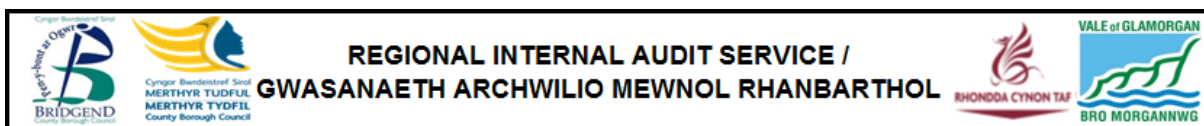


STRONG HERITAGE | STRONG FUTURE
RHONDDA CYNON TAF
TREFTADAETH GADARN | DYFODOL SICR

ANNUAL INTERNAL AUDIT REPORT

2020/2021

C. Mark. Thomas MAAT, CPFA
Head of Regional Internal Audit Service
June 2021



Annual Internal Audit Report 2020/21

Section 1 – Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires the Head of Audit to deliver an annual internal audit opinion and report which can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 1.2 2020/21 has seen the Covid-19 pandemic have a major impact on how the Council has had to operate and the governance arrangements and processes that were put in place to ensure it could continue to support residents and businesses during this difficult and challenging year.
- 1.3 Covid-19 also changed how audit work was carried out in 2020/21 and all staff have worked from home for the year. Audits have been conducted remotely using various digital solutions, holding remote meetings, sharing of screens and sending of data and evidence electronically.
- 1.4 Whilst there was a steep learning curve both for audit staff and auditees all have adjusted well to the new ways of working. Audits have taken longer in some instances due to responses to draft reports taking longer than usual where services have been under more pressure. It is likely that the service will continue to be delivered remotely for the foreseeable future with an element of office based/face to face working introduced over time when restrictions allow.
- 1.5 The 2020/21 Internal Audit Plan outlined the assignments to be carried out to enable the Head of Audit to form an annual opinion of the Council's overall control environment including, governance, risk management and internal control. Factors that were taken into account due to the impact of COVID-19 included risks arising from the pandemic and an emphasis being placed on looking at changed or new processes and governance arrangements introduced as part of every audit.
- 1.6 Other factors taken into account included potential availability of audit and service staff and challenges arising from the remote ways of working. The plan was also more flexible than usual to be able to respond to changing circumstances and events that may have occurred such as a second wave/outbreaks, pressures on services, the ability to access staff and evidence or requests to respond to new issues that may emerge.
- 1.7 The Internal Audit Service is delivered through the expanded shared service that came into existence on 1st April 2019. The service is hosted by the Vale of Glamorgan Council and provides internal audit services to the Vale, Bridgend, Merthyr Tydfil & Rhondda Cynon Taf Councils. The arrangement is underpinned by a detailed legal agreement between the four Councils which sets out a range of obligations (the core service is the same for each Council but there are differences in what is provided outside of the core service).

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- 1.8 The service reports to the four Audit Committees and is overseen at a strategic level by the Board which consists of the Chief Finance Officers of the four Councils.

Section 2 – Summary of Reviews Undertaken 2020/21

- 2.1 On completion of the audit reviews an audit opinion is formed providing assurance for management and those charged with governance on how well the internal controls and governance arrangements of the system, establishment or area of review are operating.
- 2.2 Based upon the findings and recommendations made, an overall conclusion as to the level of assurance that can be provided is given as follows:

Effective

- Control environment is adequate;
- No findings noted;
- Management's control environment appears sound;
- All high-level risks adequately controlled.

Effective with opportunity for improvement

- Control environment is adequate but some exceptions exist;
- Some control weaknesses and/or opportunities for improvement observed;
- Management's control environment appears otherwise sound;
- High level risks are adequately controlled.

Insufficient and requires improvement

- Some high-level risks are not adequately controlled;
- At least one finding is rated 'high';
- Immediate safety and soundness are not threatened, but Management's control environment requires improvement;
- Significant exposure to fraud or security vulnerabilities.

Not adequate

- Control environment is not adequate and below standard, with significant exceptions;
- Requires Council's Administrator's immediate attention;
- Management's control environment considered unsound.

Table 1 – Audit Opinion Given to Non-Schools Internal Audit Reviews 2020/21

Audit Opinion	Number of Audit Assignments	%
Effective	17	74%
Effective with Opportunity for Improvement	6	26%

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Insufficient and Requires Improvement	0	0%
Not Adequate	0	0%
TOTAL	23	100%

2.3 Table 1 illustrates that a total of 23 Non-Schools Internal Audit reviews have been given an audit opinion. A detailed list of these is at **Annex 1**.

2.4 Based on the testing of the effectiveness of the internal control environment an audit opinion of Effective has been given to 17 reviews (74%) and an opinion of Effective with Opportunity for Improvement to 6 reviews (26%).

Table 2 – Audit Opinion Given to Schools Internal Audit Reviews 2020/21

Audit Opinion	Number of Audit Assignments	%
Effective	3	43%
Effective with Opportunity for Improvement	4	57%
Insufficient and Requires Improvement	0	0%
Not Adequate	0	0%
TOTAL	7	100%

2.5 Table 2 illustrates that a total of 7 Schools Internal Audit Reviews have been given an audit opinion. A detailed list of these is at **Annex 1**.

2.6 There have been no opinions provided where the control environment is deemed to be 'insufficient and requires improvement' (**Section 3 – Limited Reports – Control Issues**). Based on the testing of the effectiveness of the internal control environment an audit opinion of Effective has been given to 3 reviews (43%) and an opinion of Effective with Opportunity for Improvement to 4 reviews (57%).

2.7 Progress against the 2020/21 risk-based plan is attached at **Annex 2**. 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 also be noted that some of these priority ratings relate to recommendations which are not fully outstanding, only partially implemented but remain reported against the priority rating shown in the original report.

2.8 **Annex 2** illustrates that 29 of the planned audit reviews have been undertaken during 2020/21, and a further 1 audit assignment undertaken at the request of Management. Ten planned reviews were reassessed during the year due to the re-prioritising of resources to support Track, Protect (TTP), long term sickness and requests from Management to defer audits due to the pressures already faced in certain service areas. These audits will be carried forward into 2021/22 as a result of these factors. The use of an external provider (SWAP) to provide additional resource to help deliver the audit plan was also secured.

2.9 There has been a need to respond to the ongoing challenges faced by the Council and provide support on emerging issues as they arise. An example of this is 'Free School Meals – Self Isolation Payments,' providing assurance that the appropriate

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controls are in place in respect of a new process introduced as a result of the pandemic.

- 2.10 Within the Risk Based Plan for 2020/21 Internal Audit allocated resources to deliver Consultancy Assignments in respect of Information Management and one auditor continues to be a member of the Council's Information Management Working Group.
- 2.11 Although the pandemic did have some impact on the delivery of the internal audit plan for 2020/2021 the level of Internal Audit coverage was sufficient for the Head of Audit to be able to give an opinion.

Section 3 – Limited Reports - Control Issues

- 3.1 There were no Internal Audit Reviews completed during 2020/21 where the control arrangements were considered to be '*insufficient and requires improvement*'.

Section 4 – Recommendations – 2020/21

- 4.1 Recommendations are made at the conclusion of an audit review if it is felt that improvements should be made to mitigate risk. Recommendations are included in the final audit report and recipients are asked to provide Management Responses to show whether they agree with the recommendations, how they plan to implement them, a Responsible Officer and a date when this will be done. The classification of each recommendation made assists management in focusing their attention on priority actions, these ratings being High, Medium or Low.

Table 3 – Priority Ratings for Audit Recommendations

Ratings	Criteria
High	Risk has a high impact and high likelihood
Medium	Risk has a high impact and low likelihood, or low impact and high likelihood
Low	Risk has a low impact and low likelihood

- 4.2 Management are contacted and are asked to provide feedback on the status of each agreed recommendation once the target date for implementation has expired. The implementation of these recommendations is monitored using MK Insight (Internal Audit software) to ensure that improvements are being made.

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Table 4 – Analysis of Recommendations Made During 2020/21

	Non Schools Audit Reviews		Schools Audit Reviews	
High	0	0	12	46%
Medium	6	32%	6	23%
Low	13	68%	8	31%
Total	19	100%	26	100%

- 4.3 Table 4 illustrates the total number of high, medium or low priority recommendations made to improve the control environment of the areas reviewed during 2020/21. Management has given written assurance that these recommendations will be implemented in accordance with the timescales included in the final audit reports.
- 4.4 A summary of the status of all recommendations made by the Internal Audit Service, grouped under the relevant service of the Council is also presented to Audit Committee throughout the year as part of Internal Audit Performance monitoring. There are currently no overdue recommendations which require implementation.

Section 5 – Key Performance Measures – Client Satisfaction Questionnaires

- 5.1 The Internal Audit Service uses MK Insight (Internal Audit software) to enable clients to feedback with comments on the work undertaken by internal auditors. The client satisfaction questionnaires provide managers with the opportunity to feedback on the performance, professionalism and conduct of the auditor as well as the audit process in general.

The questions covered are below:

No.	Question
1	Preparing for the Audit
	Were you adequately consulted about the nature, scope and objectives of the Audit?
	Were you satisfied with the notice given prior to the commencement of the Audit?
2	The Audit Fieldwork
	Were you satisfied with the Audit coverage?
	How well was the Audit conducted with regard to minimising disruption to service delivery?
	Were the summary findings adequately explained to you prior to the Auditor(s) leaving site?
3	The Audit Report
	Were you happy that the format of the report was clear, concise and easy to read?
	Did you find the recommendations practical, logical and relevant?

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	Were you given sufficient opportunity to comment on the Draft Report?
	How do you rate the timeliness of the Final Report?
	Do you feel the results of the Audit will be of value to you as a Manager?
4	The Auditor(s)
	How do you assess the Auditor(s) in terms of professionalism, helpfulness and politeness?

- 5.2 Due to the reduced plan of work during 2020/21 and nature of the audit assignments undertaken (e.g. grant certifications, Covid-19 related assurance etc.) a limited number of client satisfaction were issued and only 33% returned. This is an area where the Service will be able to explore the MK Insight audit software to introduce a follow up process where surveys have not been returned, allowing potential development areas to be identified and service improvements made where necessary. The returned surveys have confirmed satisfaction with the audit approach, the service provided and the conduct of the Auditors. In addition to the above, the client also has an opportunity to make their own comments on the Client Satisfaction Survey. Set out below is an example that has been received during the period.

The Auditor has been absolutely amazing and supportive throughout the whole process.

As much as it's not nice when your failures are highlighted, I actually enjoyed the process!

Working with the Auditor's support has allowed us to make significant changes and helped us find solutions.

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Section 6 – Key Performance Measures – Staff Training

- 6.1 Investment in the development of staff continues as it is recognised that 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.
- 6.2 Staff are encouraged to attend courses or seminars or complete on-line courses to develop their skills and networking opportunities. Examples of the on-line courses completed by Internal Audit during 2020/21 include:
- Data Protection Essentials
 - Stress Awareness
 - Working from Home and Agile Working
 - Safeguarding Children and Adults – Raising Awareness
 - Armed Forces Covenant
 - Challenging Conversations
 - Assertiveness
 - Digital Literacy

Section 7 – Key Performance Measures – Benchmarking

- 7.1 The Internal Audit Service participates annually in the Welsh Chief Auditors Group (WCAG) benchmarking exercise. The results for 2019/20 and 2020/21 have been received and are as shown in Table 5 below:

Table 5 – Performance Data

Performance Indicator	Performance RIAS RCT Team 2020/21	WCAG Average Performance 2020/21	Performance RIAS RCT Team 2019/20	WCAG Average Performance 2019/20
Percentage of Planned Audits Completed	74%	67%	72%	74%
Percentage of Audits Completed in Planned Time	66%	75%	38%	69%
% of Client Satisfaction Questionnaires Returned	33%	57%	76%	60%
% of clients responses at least satisfied	100%	100%	100%	99%
% of recommendations accepted versus made	100%	100%	100%	100%

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- 7.2 It should be noted that 16 of the 22 Councils returned their performance figures for 2020/21 representing a return rate of 73%.
- 7.3 Overall for 2020/21 74% of the audit plan was completed, a total of 39 assignments were planned during the year of which 29 for were completed. 66% of Audits were completed within planned time during 2020/21.
- 7.4 Although not all work planned for was undertaken during the year, Internal Audit management ensured that coverage was given to appropriate areas including requests to undertake specific additional work. Where risk profiles changed during the year, Internal Audit responded accordingly.

Section 8 – Public Sector Internal Audit Standards

- 8.1 The Public Sector Internal Audit Standards encompass the following mandatory elements:
- Definition of Internal Auditing;
 - Code of Ethics; and
 - International Standards for the Professional Practice of Internal Auditing.
- 8.2 The Standards aim to promote further improvement in the professionalism, quality and effectiveness of Internal Audit Services across the public sector. The Standards require that each public sector Internal Audit Service has in place robust arrangements for quality assurance and requires that Internal Audit be the subject of an external assessment at least once every 5 years.
- 8.3 The Internal Audit Service for the Council received an external assessment in accordance with the Standards in 2017. Another assessment will be due in 2022 for the expanded Regional Service. No areas of non-compliance that would affect the overall scope or operation of the Internal Audit activity were identified and the assessment noted that there were no significant deviations from the Standards.
- 8.4 No significant changes have occurred in respect of the working practices since the expanded Regional Internal Audit Service was set up in April 2019. As a result, the Service continues to conform to the Standards during 2020/21.

Section 9 – Regional Internal Audit Service Progress

- 9.1 As stated above in Section 1 the expanded shared service came into existence on 1st April 2019. The service is hosted by the Vale of Glamorgan Council and provides internal audit services to the Vale, Bridgend, Merthyr Tydfil & Rhondda Cynon Taf Councils.
- 9.2 A vision for the service has been produced alongside a number of objectives.

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Vision

To be the provider of Internal Audit Services of choice to the public sector in South Wales and be a centre of excellence for public sector internal auditing.

To be a service that is regarded as:

- ✓ Professional
- ✓ Approachable
- ✓ Flexible
- ✓ Independent but internal to the organisation – a critical friend

9.3 The immediate priorities for the service were identified as follows:

- Ensure a seamless transition from previous arrangements
- Ensure Internal Audit 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

These were all delivered.

9.4 The priorities identified for the first 12 months for the Service were:

- Develop a structure taking into account TUPE requirements and SWOT analysis
- Confirm ICT solution & arrangements
- Identify & evaluate different approaches / methodologies of each Internal Audit team and identify most appropriate to adopt

9.5 A new staffing structure has been developed and agreed. Consultation with the Trade Unions and staff is taking place over the summer with recruitment to vacant posts to commence shortly after.

9.6 Covid has had a major impact on how audit work has been carried out in 2020/21 and all staff have worked remotely for the year. Audits have been conducted remotely using various digital solutions, remote meetings, sharing of screens and sending of data electronically.

9.7 Whilst there was a steep learning curve both for audit staff and auditees all have adjusted well to the new ways of working. Audits have taken longer than usual, in particular where services have been under more pressure, or obtaining evidence has been more time consuming. It is likely that the service will continue to be delivered remotely for the foreseeable future with an element of office based/face to face working introduced over time when restrictions allow.

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- 9.8 A new Audit Software solution for the Service was procured in 2020. Intensive work has taken place to set up the system, train the staff and to determine and agree consistent working practices and methodologies across the Service including new report format and consistent terminology. The new approach has been rolled out from April 2021.
- 9.9 The longer-term success of the service includes plans to develop a commercial approach and analysing the potential public sector market. Limited progress has been made on this aspect as the foundations referred to above need to be embedded before progressing this.
- 9.10 Collaborative working arrangements throughout the year benefitted the level of service provided to the Council. External support via the South West Audit Partnership (SWAP) was bought in to augment available resource due to staff being seconded to TTP and 2 long term sickness absences. This support alongside the hard work of the remaining Team enabled sufficient coverage to be provided to enable the annual audit opinion to be formed.

Section 10 – Support Audit Committee to deliver its Terms of Reference

- 10.1 A work-plan aimed at helping the Audit Committee to discharge its role was compiled in consultation with the External Audit Manager and the Audit Committee Chairperson. The work-plan was presented to Audit Committee at its meeting held on the [5th October 2020](#).
- 10.2 The work-plan for 2020/21 includes the process of inviting a wider range of Officers of the Council to attend Audit Committee and present specific items, and were available to answer specific questions or queries that Audit Committee Members had (within the Terms of Reference for Audit Committee). An example of this is an update on the Procedure Rules that was provided to Audit Committee on 22nd March 2021.
- 10.3 The process of inviting a range of Officers to attend and present items to Audit Committee will continue during 2021/22.

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Section 11 - Opinion Statement 2020/21

This statement of opinion is underpinned by:

Internal Control Framework

The control environment comprises the Council's policies, procedures and operational systems and processes in place to:

- Establish and monitor the achievement of the Council's objectives;
- Facilitate policy and decision making;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies, procedures, laws and regulations;
- Safeguard the council's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.

During the year, core financial and administrative systems were reviewed by Internal Audit either through specific reviews (e.g. Creditors, Benefits, Debtors etc.) or generally in the reviews undertaken in respect of Directorate systems. Many of the audit reviews undertaken also involved providing assurance on the Covid-19 related risks and controls that had been introduced by Management.

In providing my annual audit opinion, it should be noted that assurance can never be absolute. The most that internal audit can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work in the financial year 2020/21 and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at my opinion, the following matters have been taken into account:

- The results of all internal audits undertaken for the year ended 31st March 2021;
- The results of follow-up reviews of action taken to address audit recommendations;
- Whether or not any significant recommendations have not been accepted by management and the consequent risks;
- The effects of any material changes in the Council's objectives and activities; and
- Other sources of assurance.

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Risk Management

Effective Risk Management forms a key aspect of assurance and governance. The Corporate Risk Management Strategy is aligned with Service Delivery Plans, the Strategic Risk Register and the Council's performance management framework.

Key risks are distilled in the Strategic Risk Register. This sets out how the Council is addressing these risks and the mitigating actions it will put in place to reduce them. It is regularly reviewed and challenged by senior management, Cabinet and the Finance and Performance Scrutiny Committee and an update to Audit Committee. A specific audit of the Council's Risk Management arrangements was undertaken during 2020/21 and reasonable assurance was provided that there is a generally sound system of governance, risk management and control in place.

It is not possible to eliminate all risk of failure to meet the Council's policies, aims and objectives and cannot therefore provide absolute assurance of effectiveness, but based on this an opinion of **effective** is given.

Governance Arrangements

Good Governance will facilitate effective management that can deliver long term success and performance of an organisation.

Governance arrangements are considered as part of every audit and tested during all school based audit reviews. Assurance can also be drawn from the responses received in relation to the annual Primary School Self-Assessment Process and Returns from Head Teachers and Chairs of Governors.

In response to the Covid-19 pandemic a questionnaire on internal control and governance was issued to all Service Directors within the Council. The responses received, combined with the audits undertaken during 2020/21 provides assurance of the control maintained. The findings of the completed questionnaires has also assisted the audit planning process for 2021/22.

No significant issues were identified from a governance perspective therefore an opinion of **effective** is given.

Internal Control

I have based my opinion on internal control using the work undertaken by internal audit during the year.

A total of 30 audit assignments were undertaken (including 1 unplanned audit assignment that was requested by Management), all of which were given an opinion of effective or effective with an opportunity for improvement.

Based on the outcomes of these assignments, which have been summarised in this report an opinion of **effective with a small number of areas identified for improvement** had been given on internal control.

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Head of Internal Audit Opinion Statement 2020/21

Taking into account the results of internal audit work completed for the financial year 2020/21, and taking into account other sources of assurance, the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2020-21 is:

“Effective with a small number of areas identified for improvement”

The opinion states that, based on the work completed for the financial year no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. Any areas for improvement that have been identified are service specific.

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Annex 1 – Non-Schools Audits Completed with an Opinion & Recommendations 2020/21

Internal Audit Review	Audit Opinion				Recommendations		
	Effective	Effective with Opportunity for Improvement	Insufficient and Requires Improvement	Not Adequate	High	Med	Low
Regional Consortia School Improvement Grant	√				0	0	0
Local Education Authority Grant	√				0	0	0
Pupil Deprivation Grant	√				0	0	0
CSC – Regional Consortia School Improvement Grant	√				0	0	0
CSC – Pupil Deprivation Grant	√				0	0	0
CSC – General Ledger	√				0	0	0
Administration of Trust Funds	√				0	0	0
Benefits (Including Covid Related Risks)		√			0	2	0
Digitalisation (Including Covid Related Risks)		√			0	1	1
Creditors (Including Covid Related Risks)		√			0	0	1
DCELLS Post 16 Grant Certification	√				0	0	0
Pensions		√			0	0	2
Amgen - General Ledger	√				0	0	0
Amgen - Debtors	√				0	0	0
Amgen – Creditors	√				0	1	1
Amgen - Payroll	√				0	0	0
Refunds & Reimbursements	√				0	0	0
Free School Meals – Self Isolation Payments	√				0	0	0
Remote Working Impact on Governance & Internal Control	√				0	0	0
Purchase Cards – Non Schools Spend		√			0	2	0
Risk Management*		√			0	0	8

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Llwydcoed Crematorium	√				0	0	0
Debtors (Including Covid Related Risks)	√				0	0	0
Total Non-School Audits providing an overall assurance opinion (23)	17	6	0	0	0	6	13

*Draft Report

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Annex 1 – School Audits with an Opinion & Recommendations 2020/21

Internal Audit Review	Audit Opinion				Recommendations		
	Effective	Effective with Opportunity for Improvement	Insufficient and Requires Improvement	Not Adequate	High	Med	Low
Tonyrefail School – Remote Follow Up		√			5	1	5
Ysgol Llanhari - Remote Follow Up		√			3	1	2
Ysgol Nantgwyn – Remote Follow Up		√			3	1	1
Ysgol Hen Felin – Remote Follow Up*		√			1	3	0
Primary Schools Self-Assessment & Annual Report	√				0	0	0
Comprehensive & All-Through Schools Self-Assessment & Annual Report	√				0	0	0
Special Schools & PRU's Self-Assessment & Annual Report	√				0	0	0
Total School Audits providing an overall assurance opinion (7)	3	4	0	0	12	6	8

*Draft Report

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Annex 2 – Internal Audit Plan 2020/21

Final Report Issued / Review Complete
Draft Report Issued /Awaiting Management Responses
Full C/F into 2021/22 due to re-prioritisation of Audit Resources

DIRECTORATE	AUDITS	CATEGORY
CHIEF EXECUTIVE	DIGITALISATION (INCLUDING COVID RELATED RISKS)	FINAL REPORT ISSUED
CHIEF EXECUTIVE	CREDITORS (INCLUDING COVID RELATED RISKS)	FINAL REPORT ISSUED
CHIEF EXECUTIVE	BENEFITS (INCLUDING COVID RELATED RISKS)	FINAL REPORT ISSUED
CHIEF EXECUTIVE	PENSIONS	FINAL REPORT ISSUED
CHIEF EXECUTIVE	PURCHASE CARDS – NON SCHOOLS SPEND	FINAL REPORT ISSUED
CHIEF EXECUTIVE	ADMINISTRATION OF TRUST FUNDS	FINAL REPORT ISSUED
EDUCATION & INCLUSION SERVICES	DCELLS POST 16 GRANT CERTIFICATION	FINAL REPORT ISSUED
EDUCATION & INCLUSION SERVICES	LOCAL EDUCATION AUTHORITY GRANT	FINAL REPORT ISSUED
EDUCATION & INCLUSION SERVICES	REGIONAL CONSORTIA SCHOOL IMPROVEMENT GRANT (RCSIG)	FINAL REPORT ISSUED
EDUCATION & INCLUSION SERVICES	PUPIL DEPRIVATION GRANT	FINAL REPORT ISSUED
EDUCATION & INCLUSION SERVICES	SCHOOL SELF EVALUATION & ANNUAL REPORT – SECONDARY & ALL-THROUGH SCHOOLS	FINAL REPORT ISSUED
WHOLE AUTHORITY ARRANGEMENTS	REMOTE WORKING IMPACT ON GOVERNANCE & INTERNAL CONTROL	FINAL REPORT ISSUED
WHOLE AUTHORITY ARRANGEMENTS	INFORMATION MANAGEMENT	FINAL REPORT ISSUED
AMGEN	AMGEN – CREDITORS	FINAL REPORT ISSUED
AMGEN	AMGEN – DEBTORS	FINAL REPORT ISSUED
AMGEN	AMGEN – PAYROLL	FINAL REPORT ISSUED
AMGEN	AMGEN – GENERAL LEDGER	FINAL REPORT ISSUED
CENTRAL SOUTH CONSORTIUM	REGIONAL CONSORTIA SCHOOL IMPROVEMENT GRANT (RCSIG)	FINAL REPORT ISSUED
CENTRAL SOUTH CONSORTIUM	GENERAL LEDGER	FINAL REPORT ISSUED
CENTRAL SOUTH CONSORTIUM	PUPIL DEPRIVATION GRANT	FINAL REPORT ISSUED

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DIRECTORATE	AUDITS	CATEGORY
EDUCATION & INCLUSION SERVICES	SCHOOL SELF EVALUATION & ANNUAL REPORT – PRIMARY SCHOOLS	FINAL REPORT ISSUED
EDUCATION & INCLUSION SERVICES	TONYREFAIL SCHOOL – REMOTE FOLLOW UP	FINAL REPORT ISSUED
CHIEF EXECUTIVE	DEBTORS (INCLUDING COVID RELATED RISKS)	FINAL REPORT ISSUED
COMMUNITY & CHILDREN'S SERVICES	LLWYDCOED CREMATORIUM	FINAL REPORT ISSUED
EDUCATION & INCLUSION SERVICES	YSGOL NANTGWYN – REMOTE FOLLOW UP	FINAL REPORT ISSUED
EDUCATION & INCLUSION SERVICES	YSGOL LLANHARI – REMOTE FOLLOW UP	FINAL REPORT ISSUED
EDUCATION & INCLUSION SERVICES	SCHOOL SELF EVALUTATION & ANNUAL REPORT – SPECIAL SCHOOL & PRU's	FINAL REPORT ISSUED
EDUCATION & INCLUSION SERVICES	YSGOL HEN FELIN – REMOTE FOLLOW UP	DRAFT REPORT ISSUED
WHOLE AUTHORITY ARRANGEMENTS	RISK MANAGEMENT	DRAFT REPORT ISSUED
WHOLE AUTHORITY ARRANGEMENTS	CORPORATE SAFEGUARDING	FULL C/F INTO 2021/22
WHOLE AUTHORITY ARRANGEMENTS	ANTI-FRAUD, BRIBERY & CORRUPTION	FULL C/F INTO 2021/22
EDUCATION & INCLUSION SERVICES	PARK LANE SPECIAL SCHOOL – REMOTE FOLLOW UP	FULL C/F INTO 2021/22
CHIEF EXECUTIVE	PAYROLL	FULL C/F INTO 2021/22
CHIEF EXECUTIVE	BUDGETARY CONTROL	FULL C/F INTO 2021/22
CHIEF EXECUTIVE	CORPORATE LANDLORD COMPLIANCE	FULL C/F INTO 2021/22
CHIEF EXECUTIVE	CONTRACT VARIATIONS/PAYMENTS IN ADVANCE	FULL C/F INTO 2021/22
CHIEF EXECUTIVE	GRANTS TO BUSINESSES	FULL C/F INTO 2021/22
PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES	EMERGENCY PLANNING	FULL C/F INTO 2021/22
COMMUNITY & CHILDREN'S SERVICES	PREVENTION PAYMENTS (SECTION 17)	FULL C/F INTO 2021/22

Unplanned Work During 2020/21

DIRECTORATE	AUDITS	CATEGORY
CHIEF EXECUTIVE	FREE SCHOL MEALS – SELF ISOLATION PAYMENTS	FINAL REPORT ISSUED