

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2021/22

<p><b>GOVERNANCE AND AUDIT COMMITTEE</b></p> <p><b>13<sup>th</sup> September 2021</b></p>	<p><b>AGENDA ITEM NO. 4</b></p>
<p><b>REPORT OF THE DIRECTOR OF FINANCE &amp; DIGITAL SERVICES</b></p>	<p><b>PROGRESS AGAINST THE RISK BASED PLAN 2021/22</b></p>

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

**1. PURPOSE OF THE REPORT**

- 1.1 This report provides Members of the Governance and Audit Committee with a position statement on progress being made against the audit work included and approved within the Internal Audit Risk Based Plan 2021/22.

**2. RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Note the content of the report and the progress made against the Internal Audit Risk Based Plan 2021/22.
- 2.2 Consider what comments, requests or recommendations, if any, they wish to make.

**3. REASONS FOR RECOMMENDATIONS**

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

**4. BACKGROUND**

- 4.1 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, programs, 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.

- 4.2 The Internal Audit Risk Based Plan for 2021/22 was submitted to Audit Committee for consideration and approval on 12<sup>th</sup> July 2021. The Plan outlined the audit assignments to be carried out which will provide adequate coverage to provide an overall opinion at the end of 2021/22.
- 4.3 Progress made against the 2021/22 plan is attached as **Appendix A** and a summary of the individual audit assignments as at 20<sup>th</sup> August 2021 is as follows:

Status	No. Of Audits
Final Report Issued	2
Draft Report Issued	4
Fieldwork in Progress	11
Audit Fieldwork being Scoped	5
Planned	52

- 4.4 **Appendix A** details the status of each planned review, the audit opinion (where the audit has reached final report stage) and the number of any high, medium or low priority recommendations made to improve the control environment. To date 6 items of work have been completed resulting in an opinion being provided, 2 of which have had the final reports issued with 4 reports at draft stage. A further 11 assignments are currently on-going, with 5 being scoped for fieldwork to commence. The results of these Audits will be reported to future Governance and Audit Committee meetings.
- 4.5 Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment, the following audit opinions have been given to the 2 audits completed audit assignments to date:

Audit Opinion	No. Of Audits
Substantial Assurance	2
Reasonable Assurance	0
Limited Assurance	0
No Assurance	0

4.6 For reference, the updated audit assurance/opinion categories are :

<b>AUDIT ASSURANCE CATEGORY CODE</b>	
<b>Substantial</b>	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.
<b>Reasonable</b>	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.
<b>Limited</b>	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.
<b>No Assurance</b>	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.

4.7 **Appendix A** illustrates that a total of 2 recommendations have been made to improve the control environment across the 2021/22 audit plan areas reviewed to date. The implementation of these recommendations is monitored to ensure that improvements are being made.

4.8 Again for reference, Internal Audit recommendations are categorised/prioritised as follows :

<b>RECOMMENDATION CATEGORISATION</b>	
Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results. The criticality of each recommendation is as follows:	
<b>High Priority</b>	Action that is considered imperative to ensure that the organisation is not exposed to high risks.

<b>Medium Priority</b>	Action that is considered necessary to avoid exposure to significant risks.
<b>Low Priority</b>	Action that is considered desirable and should result in enhanced control.

**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 Governance and Audit Committee. This report provides Governance and 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**

**GOVERNANCE AND AUDIT COMMITTEE**

**13<sup>th</sup> September 2021**

**PROGRESS AGAINST THE RISK BASED INTERNAL AUDIT PLAN 2021/22**

**REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES**

Author:

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

Item: 4

**Background Papers**

None.

Officer to contact: Mark Thomas / Lisa Cumpston

## Appendix 1 - 2021/22 Progress Against Plan (including Audit Opinion & Recommendations)

Audit Assignment	Audit Status	Audit Opinion				Recommendations		
		Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance	High	Med	Low
<b>Chief Executive</b>								
Contract Variations/Payments in Advance	Planned							
<b>Procurement Arrangements</b>	<b>In Progress</b>							
Administration of Trust Funds	Planned							
<b>Operation of the Primary School Sickness Scheme</b>	<b>In Progress</b>							
Grants to Businesses	Planned							
Self Isolation Payments – Administration of the WG Scheme (Covid Related Risks)	Planned							
Fairer Charging for Adult Non-Residential Care Services – Follow Up	Planned							
<b>Budgetary Control – School Deficit Recovery Protocols</b>	<b>In Progress</b>							
Payroll – Implementation of the new Payroll system	Planned							
Administration of the Furlough Scheme (Covid Related Risks)	Planned							
<b>Income Management Arrangements (Covid Related Risks)</b>	<b>In Progress</b>							
Cyber Security Arrangements	Planned							
Distribution of Devices to Digitally Excluded Learners (Covid Related Risks)	In Progress							
<b>Corporate Landlord Compliance</b>	<b>In Progress</b>							
Asset Management	Planned							
<b>Prosperity, Development &amp; Frontline Services</b>								
<b>Emergency Planning</b>	<b>Scoping</b>							
Community Recycling Centres	Planned							
Capital Projects	Planned							
Regeneration & Planning	Planned							
Building Control	Planned							
<b>Community &amp; Children's Services</b>								
<b>WCCIS</b>	<b>In Progress</b>							
Deputyship	Planned							
<b>Rota Management Review</b>	<b>In Progress</b>							
<b>Adaption &amp; Community Equipment</b>	<b>Scoping</b>							
Carers Assessments	Planned							
The Review Team	Planned							
<b>Section 17 Payments (Prevention Payments)</b>	<b>In Progress</b>							
<b>Adoption Support &amp; Foster Carer Payments</b>	<b>In Progress</b>							
Contract Management Placements	Planned							

Audit Assignment	Audit Status	Audit Opinion				Recommendations		
		Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance	High	Med	Low
<b>Chief Executive</b>								
Llwydcoed Crematorium	Planned							
Registration Services	<b>Final Issued</b>	√				0	0	0
<b>Safeguarding Arrangements – Capita One</b>	<b>In Progress</b>							
Governor Support – Provision of Governing Body Information	Planned							
Exclusion & Attendance	Planned							
Step 4 Provisions	Planned							
Ty Gwyn Pupil Referral Unit	<b>Draft Issued</b>							
Park Lane Special School	<b>Draft Issued</b>							
Special School Self Assessment Programme & Annual Report	Planned							
Alaw Primary School	<b>Final Issued</b>	√				0	1	1
Cefn Primary School	Planned							
Craig yr Hesg Primary School	Planned							
Cilfynydd Primary School	<b>Draft Issued</b>							
Coedpenmaen Primary School	<b>Draft Issued</b>							
Cwmbach Church in Wales Primary School	Planned							
Cymmer Primary School	Planned							
Dolau Primary School	Planned							
Ffynon Taf Primary School	Planned							
Llantrisant Primary School	Planned							
Maesybryn Primary School	Planned							
Penderyn Community Primary School	Planned							
Penywaun Primary School	Planned							
Primary School Self Assessment Programme & Annual Report	Planned							
Hawthorn High School – Follow Up Review	Planned							
Bryncelynnog Comprehensive School	Planned							
Ferndale Community School	Planned							
Ysgol Gyfun Rhydywaun	Planned							
Secondary/All Through School Self-Assessment Programme & Annual Report	Planned							
RCT – Regional Consortia School Improvement Grant (RCSIG)	Planned							



Audit Assignment	Audit Status	Audit Opinion				Recommendations		
		Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance	High	Med	Low
<b>Chief Executive</b>								
RCT – Education Improvement Grant (EIG)	Planned							
RCT – Pupil Development Grant (PDG)	Scoping							
RCT – Post 16 Grant Certifications (DCELLS)	Planned							
<b>Whole Authority Arrangements</b>								
Information Management	Planned							
PPE Stock Control Arrangements	Scoping							
Anti-Fraud, Bribery & Corruption	Planned							
Scheme of Delegation	Planned							
Performance Management Arrangements	Planned							
Corporate Safeguarding (Covid Related Risks)	Planned							
CSC – Regional Consortia School Improvement Grant (RCSIG)	Planned							
CSC – Pupil Development Grant (PDG)	Scoping							
CSC – General Ledger	Planned							
<b>Amgen</b>								
AMGEN – Payroll	Planned							
AMGEN – Debtors	Planned							
AMGEN – Creditors	Planned							
AMGEN – General Ledger	Planned							
<b>Total</b>		<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>

Summary of Audit Assignments	No of Audit Assignments
<b>Status</b>	
Final Report Issued	2
Draft Report Issued	4
Audit Fieldwork in Progress	11
Audit Fieldwork being Scoped	5
Planned	52
<b>Total</b>	<b>74</b>

