



**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**  
**MUNICIPAL YEAR 2021/22**

<b>GOVERNANCE AND AUDIT COMMITTEE</b>  <b>6<sup>th</sup> December 2021</b>	<b>AGENDA ITEM NO. 5</b>
<b>REPORT OF THE DIRECTOR OF FINANCE &amp; DIGITAL SERVICES</b>	<b>PROGRESS AGAINST THE RISK BASED PLAN 2021/22</b>

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 Consider 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 the 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 the Governance & 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 enable 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 26<sup>th</sup> November 2021 is as follows:

Status	No. Of Audits
Final Reports Issued	12
Consultancy Work Completed	1
Draft Reports Issued	7
Fieldwork in Progress	10
Audit Fieldwork being Scoped	4
Planned	40

- 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 internal control, governance and risk management environment. To date 20 items of work have been completed and 19 of these have resulted in an opinion being provided, with 1 piece of work undertaken on a consultancy basis. As a result of the consultancy work a number of recommendations were made to the Service Area and during 2022/23, progress against these recommendations will be reviewed, and included within the Internal Audit Plan of coverage. Of the 19 items of work where a report has been issued, 12 have had the final reports issued with 7 reports at draft stage. A further 10 assignments are currently on-going, with 4 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, governance and risk management arrangements, the following audit opinions have been given to the 12 audit assignments completed to final report stage to date:

<b>Audit Opinion</b>	<b>No. Of Audits</b>
Substantial Assurance	7
Reasonable Assurance	4
Limited Assurance	1
No Assurance	0

- 4.6 One completed audit review has been given an audit opinion of limited assurance, that is, only limited assurance can be placed on the current systems of internal control, governance and risk management. Further details are as follows:

Park Lane Special School

This audit was included in the audit plan for 2021/22 at the request of both the Director of Education & Inclusion Services and Acting Headteacher. The objective of the audit was to provide assurance that the financial systems and internal controls were effective, and were compliant with the Council's policies and procedures. The audit work undertaken identified some key issues in respect of internal processes and procedures not always being complied with and resulted in 15 audit recommendations being made, 4 of which were of a high priority. All recommendations have been agreed by the Acting Executive Headteacher, and progress against these recommendations will be monitored in accordance with routine internal audit monitoring procedures. This school will also be included in the audit plan for a follow up review during 2022/23.

- 4.7 For reference, the 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.

4.8 **Appendix A** illustrates that a total of 51 recommendations have been made to improve the internal control, governance and risk management arrangements across the 2021/22 audit plan areas reviewed to date. The implementation of these recommendations is monitored to ensure that improvements are being made.

4.9 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.

## **EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY**

5.1 There are no equality and diversity or socio-economic duty 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 the Governance and Audit Committee. This report provides the 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**

**6<sup>th</sup> December 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: 5

**Background Papers**

None.

Officer to contact: Mark Thomas / Lisa Cumpston

**Appendix 1 - 2021/22  
Recommendations)**

**Progress Against Plan (including Audit Opinion &**

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							
Procurement Arrangements	<b>Final Issued</b>	√				0	0	0
Administration of Trust Funds	<b>Final Issued</b>	√				0	0	0
Operation of the Primary School Sickness Scheme	<b>Final Issued</b>		√			0	1	2
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							
Budgetary Control – School Deficit Recovery Protocols	<b>Final Issued</b>	√				0	3	0
Payroll – Implementation of the new Payroll system	Planned							
Administration of the Furlough Scheme (Covid Related Risks)	Planned							
Cyber Security Arrangements	Planned							
Distribution of Devices to Digitally Excluded Learners (Covid Related Risks)	<b>Draft Issued</b>							
Corporate Landlord Compliance	In Progress							
Asset Management	Planned							
<b>Prosperity, Development &amp; Frontline Services</b>								
Emergency Planning	In Progress							
Community Recycling Centres	Scoping							
Capital Projects	Planned							
Regeneration & Planning	Planned							
Building Control	Planned							
<b>Community &amp; Children's Services</b>								
WCCIS	In Progress							
Deputyship	Planned							



Audit Assignment	Audit Status	Audit Opinion				Recommendations		
		Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance	High	Med	Low
Rota Management Review	In Progress							
Adaption & Community Equipment	Planned							
Carers Assessments	Scoping							
The Review Team	Planned							
Section 17 Payments (Prevention Payments)	Draft Issued							
Adoption Support & Foster Carer Payments	Draft Issued							
Contract Management Placements	Planned							
Llwydcoed Crematorium	Planned							
Registration Services	Final Issued	√				0	0	0
<b>Education &amp; Inclusion Services</b>								
Governor Support – Provision of Governing Body Information	Scoping							
Exclusion & Attendance	Planned							
Step 4 Provisions	Planned							
Ty Gwyn Pupil Referral Unit	Draft Issued							
Park Lane Special School	Final Issued			√		4	8	3
Special School Self Assessment Programme & Annual Report	Planned							
Alaw Primary School	Final Issued	√				0	1	1
Cefn Primary School	Final Issued		√			2	4	2
Craig yr Hesg Primary School	Final Issued		√			2	1	2
Cilfynydd Primary School	Final Issued	√				1	1	1
Coedpenmaen Primary School	Final Issued		√			3	6	3
Cwmbach Church in Wales Primary School	Draft Issued							
Cymmer Primary School	Planned							
Dolau Primary School	In Progress							
Ffynon Taf Primary School	Planned							
Llantrisant Primary School	In Progress							
Maesybryn Primary School	Planned							
Penderyn Community Primary School	Planned							

Audit Assignment	Audit Status	Audit Opinion				Recommendations		
		Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance	High	Med	Low
Penywaun Primary School	Planned							
Primary School Self Assessment Programme & Annual Report	Planned							
Hawthorn High School – Follow Up Review	Planned							
Ysgol Gyfun Rhydywaun	Planned							
Bryncelynnog Comprehensive School	Scoping							
Ferndale Community School	Planned							
Secondary/All Through School Self-Assessment Programme & Annual Report	Planned							
RCT – Regional Consortia School Improvement Grant (RCSIG)	In Progress							
RCT – Education Improvement Grant (EIG)	In Progress							
RCT – Pupil Development Grant (PDG)	In Progress							
RCT – Post 16 Grant Certifications (DCELLS)	Planned							
<b>Whole Authority Arrangements</b>								
Information Management	Planned							
PPE Stock Control Arrangements	In Progress							
Anti-Fraud, Bribery & Corruption	Planned							
Scheme of Delegation	Planned							
Performance Management Arrangements	Planned							
Corporate Safeguarding (Covid Related Risks)	Planned							
Income Management Arrangements	Draft Issued							
<b>Central South Consortium</b>								
CSC – Regional Consortia School Improvement Grant (RCSIG)	Draft Issued							
CSC – Pupil Development Grant (PDG)	Final Issued	√				0	0	0
CSC – General Ledger	Planned							
<b>Amgen</b>								
AMGEN – Payroll	Planned							
AMGEN – Debtors	Planned							
AMGEN – Creditors	Planned							
AMGEN – General Ledger	Planned							
<b>Total</b>		<b>7</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>12</b>	<b>25</b>	<b>14</b>

Consultancy Assignment	Audit Status	Recommendations		
		High	Medium	Low
<b>Education &amp; Lifelong Learning</b>				
Safeguarding Arrangements – Capita One	Complete	1	10	1
<b>Total</b>	<b>1</b>	<b>1</b>	<b>10</b>	<b>1</b>

Summary of Audit Assignments	No of Audit Assignments
<b>Status</b>	
Final Reports Issued	12
Consultancy Work Completed	1
Draft Reports Issued	7
Audit Fieldwork in Progress	10
Audit Fieldwork being Scoped	4
Planned	40
<b>Total</b>	<b>74</b>