

Committee: **Governance and Audit Committee**  
Date of meeting: **11<sup>th</sup> July 2022**  
Report Subject: **Audit Plan Outturn 2021-22**  
Portfolio Holder: **Leader of the Council (Executive Member – Corporate Overview & Performance)**  
Report Submitted by: **Rhian Hayden – Chief Officer Resources**  
**Louise Rosser – Audit & Risk Manager**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance & Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	23/06/22		11/07/22					

**1. Purpose of the Report**

- 1.1 The purpose of the report is to inform the Governance & Audit Committee of the overall achievement against the Audit Plan for the financial year 2021-22.

**2. Scope and Background**

- 2.1 The report highlights the work undertaken by the Internal Audit Service and complies with the Public Sector Internal Audit Standards (PSIAS).
- 2.2 The Internal Audit Plan is based on a risk assessment using a set of criteria relating to audit risks, Authority objectives and management views. The Audit Plan for the period 2021-2022 was considered and agreed by the Governance & Audit Committee in July 2021.
- 2.3 Progress against the Audit Plan has been reported to the Governance & Audit Committee throughout the financial year, with this report providing a summary of the overall achievement for the year.

**3. Options for Recommendation**

- 3.1 The Governance & Audit Committee consider this report and the Appendices, and note the levels of audit coverage in each service area, the plan outturn for the financial year and the performance of the Internal Audit Service for the financial year 2021/22.

**4. Evidence of how does this topic support the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

- 4.1 The report supports the Authority in achieving its Corporate Plan Priority of an ambitious and innovative council delivering the quality services we know

matter to our communities through demonstrating that adequate measures are in place for the prevention and detection of fraud, thereby protecting the Authority's assets.

- 4.2 The Governance & Audit Committee, in their role as those responsible for governance, and in compliance with the PSIAs, have a responsibility to oversee the performance of the Internal Audit function including receiving a summary of the work upon which the Audit & Risk Manager will base her annual audit opinion.

## **5. Implications Against Each Option**

### **5.1 Impact on Budget**

- 5.1.1 There are no direct financial implications resulting from this report.

### **5.2 Risk Including Mitigating actions**

- 5.2.1 The audit plan outturn demonstrates the breadth of audit coverage achieved to provide assurance that key areas of concern and areas deemed to have the highest risk priority have been examined during the financial year.
- 5.2.2 Failure to cover sufficient audit areas exposes the Authority to the risk that weaknesses within specific systems within the Authority's control environment are not being identified, increasing the risk of fraud and error.

### **5.3 Legal**

- 5.3.1 The Section 151 Officer has a statutory duty under the Local Government Act (1972) to ensure the provision of an adequate Internal Audit Service. This is achieved in part by ensuring the audit service provides sufficient coverage of the Authority's internal control environment, as demonstrated in the audit plan outturn.

### **5.4 Human Resources**

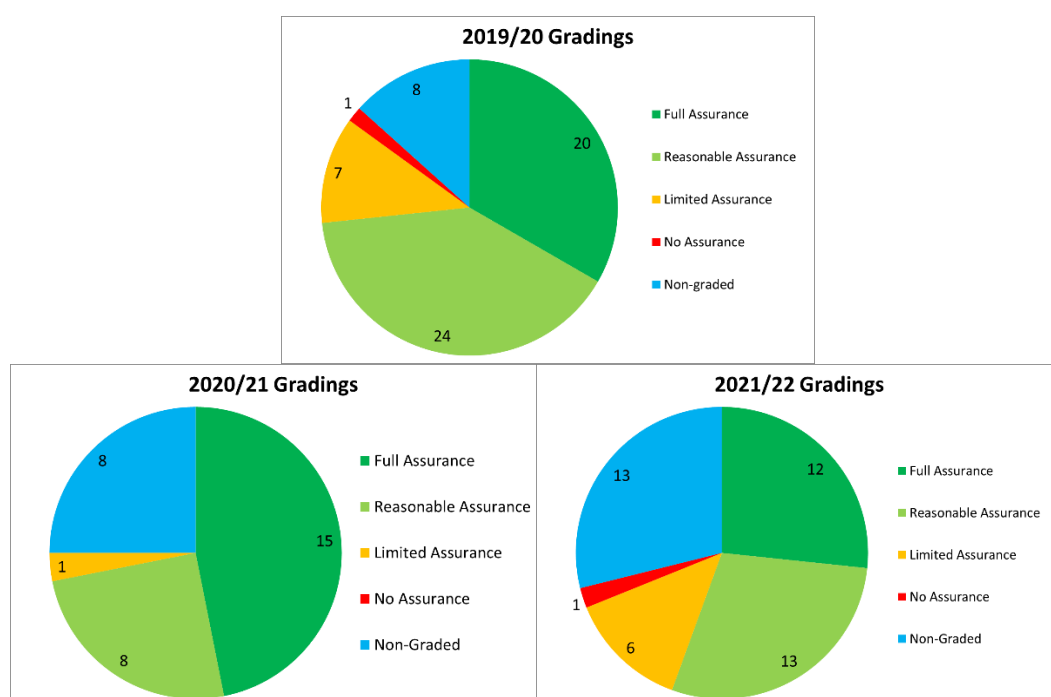
- 5.4.1 The section has a complement of six full time posts. One of the Senior Auditors left the Authority in May 2021 with a successor to the post being appointed in June 2021.
- 5.4.2 The sickness absence for the service has been low for the period having lost 0.83 days per person against the departmental target level of 6 days per person.

## **6. Supporting Evidence**

### **6.1 Performance Information and Data**

- 6.1.1 Appendix A shows all audits undertaken during the financial year and their status as at 31<sup>st</sup> March 2022 including their actual or provisional grading (where applicable). Where a provisional grading has been issued the report has not been cleared by the service area and, therefore, could be subject to change.

- 6.1.2 Performance data for the Section for the period to 31<sup>st</sup> March 2022 is presented at Appendix B. Appendix C illustrates the spread of audit gradings issued during the year compared to the two previous years. Appendix D shows the actual audit coverage compared to planned audit coverage by department, based on completed jobs in the year.
- 6.1.3 Productivity / performance for the previous year (20/21) was impacted by the pandemic. Therefore, in order to give a more balanced perspective, both Appendices B and C, and the pie charts shown at 6.1.4 below, show a three-year comparison.
- 6.1.4 45 audit reports were issued during the year split between the following audit gradings: 12 Full Assurance; 13 Reasonable Assurance; 6 Limited Assurance; and 1 No Assurance. A further 13 non-graded reports were issued including 7 follow-up audits.



- 6.1.5 No grade is given for some of the audit reports produced, however, the audit output needs to be reflected in the outturn for the service. These audits are typically in respect of Follow Up Audits, Grant certification and ad hoc pieces of work such as investigations and advice. Whilst these reports do not lend themselves to the standard audit gradings, any points of note or concerns identified would be reflected in the annual report of the Audit and Risk Manager.
- 6.1.6 A number of follow up reviews were undertaken during the year for those audits that have previously graded as 'Limited Assurance' and 'No Assurance'. These involved the re-testing of only the weaknesses previously identified to ensure suitable progress has been made. As shown in Appendix B, 90% of the agreed actions were completed after 6 months. Those not completed were due to a range of factors such as low numbers

of transactions to test and the time available for departments to complete the actions. Any issues identified would be raised at the Governance and Audit Committee.

6.17 The Internal Audit Service completed 70.74% of the audit plan against a target of 70%.

6.1.8 Productivity for the service improved during the year with 90% of audits completed within the time allocated. In addition, 100% of Weaknesses identified were accepted by Service Managers, reflecting the accuracy and relevance of audit findings. The average number of days to issue final reports (5.17days) exceeded the target however this had no significant impact upon outcomes.

6.2 Expected outcome for the public

6.2.1 Provision of sufficient audit coverage supports the Governance & Audit Committee in fulfilling its assurance role to the citizens of Blaenau Gwent.

6.3 Involvement

6.3.1 There are no direct implications under involvement.

6.4 Thinking for the Long Term

6.4.1 The work of Internal Audit is intended to provide advice and guidance on system improvements resulting in an improved control environment for the future of the Authority.

6.5 Collaboration

6.5.1 Not applicable

6.6 Integration

6.6.1 Not applicable

6.7 Decarbonisation and Reducing Carbon Emissions

6.7.1 Not applicable

6.8 Socio Economic Duty Impact Assessment

6.8.1 Not applicable

6.9 Equality Impact Assessment

6.9.1 Not applicable

7. **Monitoring Arrangements**

7.1 The levels of audit coverage and the gradings of individual audits will inform the annual opinion of the Audit & Risk Manager to be presented to the Governance & Audit Committee.

**Background Documents /Electronic Links**

- Appendix A – Audit Plan Outturn 2021-22
- Appendix B – Performance Indicators 2021-22

- Appendix C – Audit Gradings 2021-22
- Appendix D – Audit Coverage by Department 2021-22