

Committee: **Governance and Audit Committee**
Date of meeting: **26th April 2023**
Report Subject: **Audit Plan Outturn 2022-23**
Portfolio Holder: **Cllr S Thomas, Leader of the Council (Cabinet Member – Corporate Overview & Performance)**
Report Submitted by: **Rhian Hayden – Chief Officer Resources**

| Reporting Pathway | | | | | | | | |
|-----------------------------|---------------------------|--------------------------|------------------------------|-------------------------------|--------------------|---------|---------|----------------------|
| Directorate Management Team | Corporate Leadership Team | Portfolio Holder / Chair | Governance & Audit Committee | Democratic Services Committee | Scrutiny Committee | Cabinet | Council | Other (please state) |
| | 13/04/23 | | 26/04/23 | | | | | |

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 2022-23.
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 2022-2023 was considered and agreed by the Governance & Audit Committee in July 2022.
 - 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 attached, and note the following:
 - 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 2022/23.
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 quality services at the right time and in the right place 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 (short- and long-term impact)***

- 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.

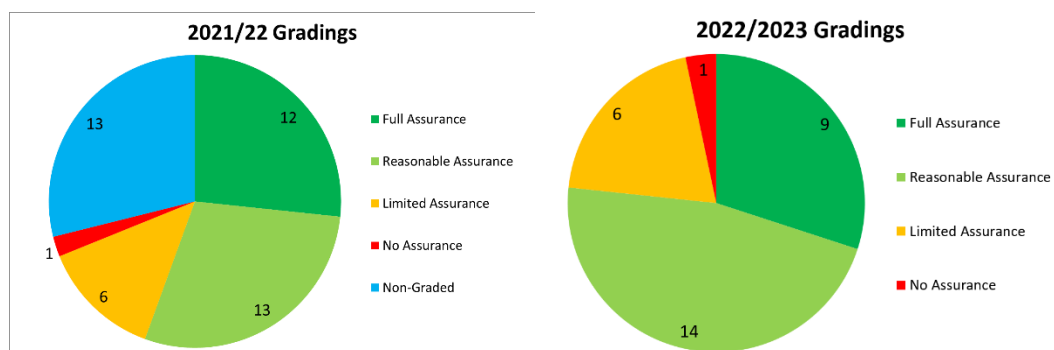
5.4 ***Human Resources***

- 5.4.1 The section currently has a complement of six full time posts. This includes two staff that were appointed during the financial year, a Senior Auditor (appointed September 2022) and an Audit Apprentice (appointed October 2022).
- 5.4.2 Further to their appointment in September 2022, the Senior Auditor was called upon to assist the Accountancy Service in completing tasks relating to their previous role in order to assist with the budget setting process. This work was undertaken for a short period of time whilst the post in Accountancy was being backfilled.
- 5.4.3 There was no sickness absence experienced by the service throughout the year however there have been periods of absence as a result of Jury Service.

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 31st March 2023 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 could be subject to change.
- 6.1.2 Performance data for the Section for the year to 31st March 2023 is presented at Appendix B. Appendix C illustrates the spread of audit gradings issued during the year compared to the previous year. Appendix D shows the actual audit coverage compared to planned audit coverage by department, based on completed jobs in the year. The figures shown are the fully completed audits and do not include audits that are currently at draft stage.
- 6.1.3 30 audit reports were issued during the year split between the following audit gradings: 9 Full Assurance; 14 Reasonable Assurance; 6 Limited Assurance; and 1 No Assurance. The pie charts shown below show the comparison with the previous year.



- 6.1.4 No grade is given for some of the audits undertaken, however, there were no non-graded reports issued during the year. These audits are typically in respect of Follow Up Audits, Grant certification and ad hoc pieces of work such as investigations and advice. Work in these areas was either reduced / delayed due to the need to train new members of staff, or has not been concluded. Whilst these audits 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.
- 6.15 The Internal Audit Service completed 69.45% of the audit plan against a target of 73%.
- 6.1.6 Productivity for the service remained consistent with previous years, 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.

6.1.7 The average number of days to issue final reports exceeded the target for the second year running and reduced further from 5.17 days to 4.38 days.

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 (consultation, engagement, participation)***

6.3.1 There are no direct implications under involvement.

6.4 ***Thinking for the Long term (forward planning)***

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 ***Preventative focus***

6.5.1 Not applicable

6.6 ***Collaboration / partnership working***

6.6.1 The Welsh Chief Auditors Group set up a framework to facilitate peer review of self-assessments to satisfy the requirement for an external quality assessment in line with the PSIAS. The service was subject to a review in 2022/23 that confirmed compliance with the standards.

6.7 ***Integration (across service areas)***

6.7.1 Not applicable

6.8 ***Decarbonisation and Reducing Carbon Emissions***

6.8.1 Not applicable

6.9 ***Integrated Impact Assessment (IAA)***

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 2022-23
- Appendix B – Performance Indicators 2022-23
- Appendix C – Audit Gradings 2022-23
- Appendix D – Audit Coverage by Department 2022-23