

Committee: **Audit Committee**

Date of meeting: **19<sup>th</sup> November 2019**

Report Subject: **Audit Plan Progress Report – July 2019 to September 2019**

Portfolio Holder: **Cllr. Nigel Daniels, Leader / Executive Member Corporate Services**

Report Submitted by: **Rhian Hayden, Chief Officer Resources.**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
31/10/2019	05/11/2019		19/11/19					

**1. Purpose of the Report**

1.1 The purpose of the report is to update the Audit Committee on the progress against the Internal Audit Plan for the period 1<sup>st</sup> July to 30<sup>th</sup> September 2019.

**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 formal Risk Assessments, with the work planned on a five year rolling programme. The Audit Plan for the period 2019-2024 has been previously presented to this committee.

2.3 Risk Assessments have been undertaken on all applicable audit areas which created a rank order for prioritising audit work within each directorate.

2.4 The audit work allocated to staff for the period July to September 2019 is based on the rank order prioritisation and takes into account an individual auditor's experience and skill set.

**3. Option for Recommendation**

3.1 The Audit Committee considers the report and findings within the attached Appendices, notes the progress on activities for the period July to September 2019 and provides appropriate challenge where relevant.

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

4.1 In line with the Corporate Plan Priority of being an efficient Council, presentation of the Internal Audit progress report demonstrates the breadth and depth of the audit coverage of the Council's systems and internal controls. In doing this it also enables the Chief Officer – Resources to satisfy her statutory duties under Section 151 of the Local Government Act (1972) in providing an effective Internal Audit Service.

4.2 The 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 Head of Internal Audit will base her annual audit opinion.

5. **Implications Against Each Option**

5.1 Impact on Budget

There are no direct financial implications resulting from this report.

5.2 Risk including Mitigating Actions

The report demonstrates the breadth and depth of audit coverage to provide assurance that key areas of concern and areas deemed to have the highest risk priority are being examined during the financial year. Failure to cover sufficient audit areas exposes the Authority to the risk that weaknesses within specific systems within the Authority's internal control environment are not being identified, resulting in increased financial or reputational damage. This is mitigated by regular review of progress and reprioritisation as appropriate.

5.3 Legal

The Section 151 Officer has a statutory responsibility under the Local Government Act (1972) to ensure the provision of an adequate Internal Audit Service.

5.4 Human Resources

The section currently has a complement of six full time posts. Phase 2 of the Senior Management Review (SMR2) has been concluded which resulted in the voluntary redundancy of the Principal Auditor post and the appointment of an Apprentice post via the Aspire Scheme administered by the Authority enabling a young person to attain an NVQ level 3 in Business Administration whilst also studying for the AAT qualification.

The section's sickness for the period 1st April to 30<sup>th</sup> September 2019 is an average of 0.67 days per person against a departmental target of 6 days per person.

6. **Supporting Evidence**

## 6.1 Performance Information and Data

Activities during the period 1<sup>st</sup> July to 30<sup>th</sup> September 2019 are set out in Appendix A attached. The format shows a summary of findings from audit reports produced in the period, including a formal audit opinion where appropriate. Where individual audits are graded as Limited Assurance or No Assurance, an Internal Audit Summary Report is presented at Appendices B1-2.

6.1.1 Performance data for the Section for the period to 30<sup>th</sup> September 2019 is presented at Appendix C. The grading's issued during the period is shown in the bar charts at Appendix D and E.

6.1.2 The Internal Audit Service completed 38.39% of the audit plan against a target of 37.5%.

## 6.2 ***Expected outcome for the public***

*An effective Audit Committee will assist with the stewardship of public money providing assurance to the communities of Blaenau Gwent on the robustness of the Authority's internal control.*

## 6.3 ***Involvement (consultation, engagement, participation)***

*Prior engagement has been undertaken with Heads of Services when determining the risk assessments for the audit plan.*

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

*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***

*Internal Audit provides a cost effective and professional Audit review of the Authority's internal control environment with the aim of minimising the risk of loss from error, fraud, or irregularities.*

## 6.6 ***Collaboration / partnership working***

*There are no collaboration / partnership working arrangements arising from this report.*

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

*The audit plan is developed with a view to providing assurance on the whole of the Authority's control environment. Audit assignments are conducted for a range of activities across all directorates in order for the Head of Internal Audit to provide an annual audit opinion that an adequate internal audit service has been provided.*

## 6.8 ***EqlA(screening and identifying if full impact assessment is needed)***

*No impact assessment is required for this report.*

## 7. **Monitoring Arrangements**

- 7.1 Internal Audit Summary reports and Follow Up audits are presented to the Audit Committee as part of the progress report. Where audit assignments have been graded as Limited Assurance or No Assurance, the Internal Audit Summary reports will be provided as appendices for Members' consideration.
- 7.2 Performance data for the Section is attached as appendices with this report.
- 7.3 The levels of audit coverage and the grading's of individual audits will inform the annual opinion of the Head of Internal Audit and supports the Audit Committee in fulfilling its assurance role to the citizens of Blaenau Gwent.

**Background Documents /Electronic Links**

- Appendix A – Audit activities for the period July to September 2019.
- Appendix B1-2 Internal Audit Summary Reports.
- Appendix C – Performance Indicators 2019-20.
- Appendix D – Grading's issued for the period April to September 2019.
- Appendix E – Percentage coverage for each Department.