

Committee: **Audit Committee**  
 Date of meeting: **2<sup>nd</sup> February 2021**  
 Report Subject: **Audit Plan Progress Report –  
 April 2020 to December 2020**  
 Portfolio Holder: **Cllr. Nigel Daniels, Leader / Executive Member  
 Corporate Services**  
 Report Submitted by: **Rhian Hayden – Chief Officer Resources  
 Andrea Owen – Professional Lead – Internal  
 Audit**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
19/01/2021	21/01/2021		02/02/2021					

**1. Purpose of the Report**

1.1 The purpose of the report is to update the Audit Committee on the progress for the period 1<sup>st</sup> April to 31<sup>st</sup> December 2020 and confirm the process for determining the priority areas of the operational audit plan for the financial year.

**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 At the close of the 2019/20 financial year, the Authority instigated emergency planning arrangements as a result of the Covid-19 pandemic. As a consequence of this, only critical services operated for a period during lockdown and audit staff were redeployed to assist in these areas. The redeployments lasted throughout the first quarter of the financial year and impacted the section's ability to complete audit work. Therefore, the Internal Audit Plan for 2020/21 is based on 9 months of the year from July 2020 to March 2021.

2.3 During the first quarter of the year, limited internal audit assignments were issued with staff completing outstanding tasks from the previous financial year whilst being redeployed to support the Authority's critical services.

2.4 The Internal Audit Operational Plan for the financial year has been based upon the Risk Assessments completed for 2019/20 with appropriate updates from senior management following the impact of the response to the Covid-19 pandemic. Risk Assessments were undertaken on all applicable audit areas which created a rank order for prioritising audit work within each directorate.

2.5

2.6 The audit work allocated to staff is based on the rank order prioritisation and the ongoing operation of the service areas throughout the pandemic response, taking into account an individual auditor's experience and skill set.

2.7 The planned audit work has been supplemented with additional assurance work undertaken in respect of emerging risks during the financial year, such as those caused by the Covid-19 pandemic response and changes in service delivery and the administration of new grants.

The Operational Audit Plan for 2020/21 is attached as Appendix F and incorporates the elements detailed above. The operational plan usually includes the number of available audit days, but due to a number of factors including redeployments impacting significantly upon the available audit resource for the year, it is not possible to accurately determine these for the period. Instead, the audit plan has focused on delivering the breadth of audit coverage across the Authority to enable the Audit and Risk Manager to provide an annual audit opinion.

### 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 1<sup>st</sup> April to 31<sup>st</sup> December 2020 providing appropriate challenge where relevant, and supporting the selection of audit activities for the 2020/21 operational audit plan.

### 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 Audit and Risk Manager 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 in 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. This includes a new appointment to an Apprentice post since September 2020 via the Aspire Scheme administered by the Authority enabling a young person to attain the AAT qualification.

The section's sickness for the period April to 31<sup>st</sup> December 2020 is an average of 0 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> April to 31<sup>st</sup> December 2020 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 Appendix B. The Follow –Up audit completed during the period where weaknesses have not been implemented is shown at Appendix C.

6.1.1 Performance data for the Section for the period to 31<sup>st</sup> December 2020 is presented at Appendix D. Grading's issued during the period are shown in the bar chart at Appendix E.

### 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 Audit and Risk Manager to provide an annual audit opinion that an adequate internal audit service has been provided.

6.8

***EqlA***

No impact assessment is required for this report.

7.

**Monitoring Arrangements**

7.1

Internal Audit Summary reports 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 Audit and Risk Manager 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 April 2020 to December 2020.
- Appendix B – Internal Audit Summary Reports.
- Appendix C – Follow Up Audits for the period April 2020 to December 2020.
- Appendix D – Performance Indicators 2020-21.
- Appendix E – Gradings issued for the period April 2020 to December 2020.
- Appendix F – 2020/21 9 months Operational Audit Plan.