

Committee: **Governance & Audit Committee**
 Date of Meeting: **19th June, 2024**
 Report Subject: **Shared Resource Service (SRS) Annual Internal Audit Report 2023/24**
 Portfolio Holder: **Councillor S. Thomas – Leader / Cabinet Member for Corporate and 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)
	30/05/24		19/06/24					

1. Purpose of the Report

The purpose of this report is to present to the Governance & Audit Committee the Draft Shared Resource Service Annual Internal Audit Report for 2023/24 as provided by Torfaen CBC Internal Audit Service.

2. Scope and Background

- 2.1 Blaenau Gwent CBC are a partner in the Shared Resource Service (SRS) for the provision of IT services. The partnership arrangement is laid out in a Memorandum of Understanding (MOU), which sets out the terms of the partnership, and is signed by each of the partner organisations. The services provided by the SRS specifically to Blaenau Gwent CBC are covered by a Service Level Agreement (SLA).
- 2.2 Blaenau Gwent CBC have both Officer and Member representation on the boards of the SRS. The Interim Chief Executive Officer sits on the Strategic Board, whilst the Chief Officer Resources and the Chief Officer Commercial and Customer sit on the Finance and Governance Board and the Business and Collaboration Board respectively. Cllr Ross Leadbeater has been appointed as the Member representative for 2024/25.
- 2.3 Torfaen CBC are the lead Authority for the SRS arrangement for the purpose of financial administration. The Internal Audit Service at Torfaen fulfil the audit role, producing an audit plan and undertaking audits of the systems in operation.
- 2.4 The Draft Annual Internal Audit Report for the SRS is attached at Appendix A. The report summarises the internal audit work that has been carried out for the year ended 31 March 2024 with the overall opinion being satisfactory.
- 2.5 In addition, page 7 of the attached report outlines the Internal Audit Plan 2024-25 that has been agreed with the SRS management.

2.6 The report will be presented to the SRS Finance and Governance Board on 4th June 2024 for final sign off by SRS partners. The Audit and Risk Manager for Blaenau Gwent places reliance on this work when drafting her annual audit opinion.

3. **Options for Recommendation**

3.1 The Draft Annual Internal Audit Report for the SRS provided by Torfaen CBC, incorporates:

- the overall audit opinion of the Head of Internal Audit, Torfaen CBC for 2023/24 (as shown on page 1),
- a summary of the audit work conducted during 2023/24 & the individual gradings of each audit, and
- the audit plan 2024/25 (as shown on page 7 of the attached report).

Following consideration of the report, the Governance and Audit Committee should:

Option 1

Accept the Draft Shared Resource Service Annual Internal Audit Report for 2023/24 deeming it to provide sufficient assurance of the internal control arrangements operating within the SRS and note the Audit Plan for 2024/25.

The Audit and Risk Manager will place reliance on the findings of these audits when providing her annual audit opinion.

Option 2

Not accept the Draft Shared Resource Service Annual Internal Audit Report for 2023/24 or the Audit Plan for 2024/25.

The Chief Officer Resources to relay the Committee's feedback to the Finance and Governance Board of the SRS for consideration.

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 an ambitious and innovative council delivering quality services at the right time and in the right place, presentation of the Draft Shared Resource Service Annual Internal Audit Report for 2023/24 supports the Chief Officer – Resources in satisfying her statutory duties under Section 151 of the Local Government Act (1972).

5. **Implications Against Each Option**

5.1 Impact on Budget (short- and long-term impact)

Provision of IT audit services by Torfaen CBC in respect of the SRS is included in the fees payable for the SRS partnership arrangements.

5.2 Risk including Mitigating Actions
Failure to address any non-compliance issues identified in the IT audits is a missed opportunity to improve the service.

5.3 Legal
The legal arrangements between the SRS and Blaenau Gwent CBC are covered in the MOU and SLA.

5.4 Human Resources
There are no direct Human Resource implications arising from this report.

6. **Supporting Evidence**

6.1 Performance Information and Data
The overall audit opinion of the Head of Internal Audit for Torfaen CBC in respect of the SRS for 2023/24 is '**satisfactory**'. The Summary of Audit Findings together with the overall opinion will be provided to the Finance and Governance board for final approval on 4th June 2024.

6.2 Expected outcome for the public
An effective Internal Audit Service and Governance & 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 controls. This report specifically provides assurance of the internal controls operating within the SRS.

6.3 Involvement (consultation, engagement, participation)
Blaenau Gwent CBC are represented on the Strategic Board, Finance & Governance Board and the Business & Collaboration Board by the Interim Chief Executive Officer (& nominated elected Member), the Chief Officer Resources and the Chief Officer Commercial and Customer respectively.

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 internal control environment with the aim of minimising the risk of loss from error, fraud, or irregularities.

6.6 Collaboration / partnership working
The SRS IT service is a partnership arrangement between Newport CC, Torfaen CBC, Blaenau Gwent CBC, Monmouthshire CBC and Gwent Police.

6.7 Integration (across service areas)

No impact for this report.

6.8 Decarbonisation and Reducing Carbon Emissions.

No impact for this report.

6.9 Integrated Impact Assessment

No impact assessment is required for this report.

7. **Monitoring Arrangements**

7.1 Progress against the 2024/25 Internal Audit Plan for the SRS, as provided by Torfaen CBC will be reported to the Governance and Audit Committee periodically to evidence the progress made.

Background Documents /Electronic Links

- Appendix A – Draft Shared Resource Service Annual Internal Audit Report for 2023/24