

<b>Report to</b>	Governance & Audit Committee
<b>Date of meeting</b>	24 November 2021
<b>Lead Member / Officer</b>	Cllr Julian Thompson Hill / Lisa Lovegrove – Chief Internal Auditor
<b>Report author</b>	Lisa Lovegrove – Chief Internal Auditor
<b>Title</b>	Internal Audit Update

## **1. What is the report about?**

- 1.1. This report provides an update for Governance & Audit Committee on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

## **2. What is the reason for making this report?**

- 2.1. To provide information on the work carried out by Internal Audit since the last Committee meeting. It allows the Committee to monitor Internal Audit's performance and progress as well as providing summaries of Internal Audit reports so that the Committee can receive assurance on other council services and corporate areas. This enables the committee to discharge its responsibilities as per its Term of Reference. Delivery of the audit plan will assist the committee with obtaining assurance that the Annual Governance Statement appropriately reflects the conditions of the Council.

## **3. What are the Recommendations?**

- 3.1. That the Committee considers the report content, assesses Internal Audit's progress and performance.
- 3.2. That the Committee decides whether in needs further assurance on any of the audited areas to follow up progress with implementing the improvement action plans.

## 4. Report details

- 4.1. Appendix 1 provides an update on internal audit work carried out since the last update report to the committee in July 2021.
- 4.2. Since the last Governance & Audit Committee update report, five audits have been completed, one of which received a low assurance rating. The low assurance audit report is included in Appendix 2. Three follow up reviews of previous low assurance audits were also completed:
- two were awarded 'medium assurance' at the time of their last follow up and so the Committee agreed at their meeting in July 2021 that a summary from the recent follow up audits would be included in the Internal Audit Update report rather than appearing as separate agenda items, and
  - one was given a low assurance rating. A summary is included in the Internal Audit Update report and the full follow up report is reported to the committee as separate agenda item.
- 4.3. Progress with delivering the Audit Plan for 2021/22 is provided. The vacant Senior Auditor position has been filled through a secondment of an existing member of the team, which in turn creates an Auditor vacancy. The secondment of the Senior Auditor to Trace, Test and Protect (TTP) has been further extended to June 2022.
- 4.4. The Internal Audit team continues to progress proactive counter fraud work as per the Audit Wales reports on the Tackling Fraud in Wales, which stipulates the need for Local Government in general to improve counter fraud arrangements. Internal Audit has been involved in investigations arising from Whistleblowing concerns raised by employees, which has impacted progress in delivering assurance work. As a result, the Chief Internal Auditor will review the remaining priority projects contained within the Audit Plan 2021-22 to ensure higher priority audits are delivered and suitable assurance coverage is provided for the Annual Governance Statement. This will consider assurance gained from other sources e.g. Audit Wales.
- 4.5. Internal audit monitors performance in relation to addressing actions arising from audit reviews. It is management's responsibility to address the actions and

record progress on the performance management system (Verto). Internal Audit continues to perform a 'follow up' and reports on progress with implementing action plans arising from low assurance audits to ensure that necessary improvements are being made. Internal Audit Performance Standards show that the percentage of internal audit actions completed on time are still below target. Many actions are taking longer to resolve than originally envisaged by services, this is mainly attributed to Covid-19 and/or capacity pressures.

## **5. How does the decision contribute to the Corporate Priorities?**

5.1. There is no decision required with this report. There is no direct contribution to Corporate Priorities, but some projects in the audit plan will review Corporate Priority areas and will provide assurance on their delivery.

## **6. What will it cost and how will it affect other services?**

6.1. Not applicable – there is no decision or costs attached to the report.

## **7. What are the main conclusions of the Well-being Impact Assessment?**

7.1. Not applicable – this report does not require a decision or proposal for change.

## **8. What consultations have been carried out with Scrutiny and others?**

8.1. Not required

## **9. Chief Finance Officer Statement**

9.1. There are no financial implications attached to this report.

## **10. What risks are there and is there anything we can do to reduce them?**

### **Sub-heading (delete as needed)**

10.1. Should insufficient audit work be completed during the year, there is a risk that the Chief Internal Auditor is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the Public Sector Internal Audit Standards. Audits are prioritised to provide coverage of governance, risk

management and internal controls and scopes for these audits will focus on key risks

## **11. Power to make the decision**

11.1. Not applicable – there is no decision required with this report.