

CEREDIGION COUNTY COUNCIL

Report to:	Governance and Audit Committee
Date of meeting:	3 June 2021
Title:	Internal Audit Annual Report 2020/21
Purpose of the report:	To provide an annual internal audit opinion of assurance to Members of the Committee
Cabinet Portfolio and Cabinet Member:	Cllr Ray Quant MBE, Deputy Leader of the Council and Cabinet Member for Legal and Governance, People and Organisation, and Democratic Services

The Committee considered the annual Internal Audit Plan 2020/21 at its meeting in November 2020 (delayed due to pandemic). The Plan provided an outline of the work required to be undertaken by the Internal Audit Section during the year in order to form its assurance opinion.

This opinion forms part of the Council's framework of assurances. Internal Audit also provides independent advice to services to help managers improve their internal controls, risk management and governance arrangements.

The Annual Report provides a summary of the internal audit activity during the year to 31 March 2021 and incorporates the audit opinion.

It also documents the current resource position, and the Section's quality, improvement and progress plans.

Recommendation(s): **To APPROVE the Report**

Reasons for decision: **That the Committee is satisfied that the Internal Audit Section has undertaken sufficient and appropriate work in order to provide a realistic assurance at year-end, whilst adding value and assisting the Council in achieving its objectives.**

Appendices: **Internal Audit Annual Report 2020/21**

Head of Service: Elin Prysor
Corporate Lead Officer Legal & Governance Services /
Monitoring Officer

Reporting Officer: Amanda Roberts
Corporate Manager - Internal Audit

Date: 6 May 2021

Mae'r adroddiad yma ar gael yn Gymraeg.
This report is available in Welsh.

**GWASANAETHAU
CYFREITHIOL A
LLYWODRAETHU**

**LEGAL AND GOVERNANCE
SERVICES**

**GWASANAETH ARCHWILIO MEWNOL
INTERNAL AUDIT SERVICE**



**Adroddiad Blynyddol y Rheolwr Corfforaethol - Archwilio
Mewnol ar Waith yr Uned Archwilio Mewnol am 2020/21**

**Annual Report of the Corporate Manager - Internal Audit
on the Activity of Internal Audit during 2020/21**

Report Prepared by: Amanda Roberts, CMIA

Date of Issue: 6 May 2021

Presented to Governance & Audit Committee:
3 June 2021

Adroddiad Blynyddol y Rheolwr Corfforaethol - Archwilio Mewnol ar Waith yr Uned Archwilio Mewnol am 2020/21

Annual Report of the Corporate Manager - Internal Audit on the Activity of Internal Audit during 2020/21

1 INTRODUCTION

- 1.1 The professional responsibilities for public sector internal auditors are set out in the Public Sector Internal Audit Standards (the Standards) which are accompanied by CIPFA's Local Government Application Note.
- 1.2 The Standards require the Corporate Manager - Internal Audit (CMIA) to provide the Governance & Audit Committee with assurance on the Council's whole system of internal control, risk management and corporate governance arrangements.
- 1.3 This report sets out the individual and collective outcomes of the audit reviews undertaken during the year to 31 March 2021. The service has been providing a more 'reactive' service during the year due to the pandemic, allocating more time to items such as covid related grants. These decisions have been made with consideration to the risks presented, and work re-prioritised as necessary. The overall audit opinion of assurance is based on this audit work.
- 1.4 The assurance provided also takes into account progress in implementing improvements, consideration of the risk register and assurances provided in reports issued by external regulators.
- 1.5 Responsibility to develop, maintain and ensure compliance with the internal control, risk management and governance procedures within their area of responsibility lies with managers. Also, assurance provided can never be absolute.

2 SCOPE AND THE INTERNAL AUDIT PLAN

- 2.1 The role and responsibilities of Internal Audit (IA) are outlined in the Council's IA Charter, which was recently reviewed and approved by the Committee in February 2021. It also specifies IA's independence, authority, scope of work and reporting arrangements. All audit work is carried out in accordance with the contents of the IA Charter, which is reviewed annually by the CMIA and presented to Governance & Audit Committee if any amendments are required.

- 2.2 Under normal circumstances, in order to ensure IA completes a sufficient amount of testing throughout the year to provide an objective assessment, the CMIA decides the priorities, scope and methods of the Council’s audit activity by re-addressing the risk-based operational audit plan at the start of each financial year. The IA Strategy and Plan 2020/21 which outlines how the year’s operational work plan was compiled and lists the audits to be undertaken by IA during the year was approved by the Committee in November 2020. It also noted the change in working practices adopted due to the pandemic.
- 2.3 The initial 2020/21 operational plan’s implementation was monitored by the CMIA on an on-going basis and, inevitably, a number of changes were required during the year for a variety of reasons (mainly due to the pandemic), necessitating the re-prioritisation of tasks, and revisions to the original work planned. The service worked in a more ‘reactive way, and the main change was due to the Business Rates Grants awarded during the various stages of lock-down.

As noted in last year’s Annual Report, this was deemed appropriate and necessary as the Council (like other LAs) had an urgent obligation to award the grants to eligible businesses in the County. It is in situations such as these (ie working to get as many applications as possible processed over a short time period) that errors can easily occur, and that fraudsters can easily infiltrate. This system therefore provided added risks to the Council, as grants paid were sizeable amounts and strict eligibility criteria existed.

The change to IA’s plan and way of working was made as it was regarded as adding value to the Council’s operations (which is IA’s mission according to the PSIAS) and is supported by the IASAB statement (please see Appendix 1).

The level of assurance provided is based on:

- The findings of all audits and consultations undertaken during 2020/21 (planned and unplanned),
- Management responses to findings and actions required, and
- Various assurances from other sources (see Appendix 4).

2.4 A summary of the status of IA’s work as at 31/3/2021:

Status of Audit	Number
Final Report / Response Presented to Service	32
On-going items of work eg NFI	24
Draft Report Produced – Awaiting Exit Meeting	0
Working Papers and Report Awaiting Review	11
Audits in progress / cfwd to 2020/21	6
CFwd, on-hold or no longer required	23

2.5 A copy of the 2020/21 IA Operational Plan, as presented to the Committee in November 2020 is provided in Appendix 2 (which notes the status of each piece of work). The actual work completed against the plan, plus additional reviews, and on-going work are detailed in the tables below:

Table 1: Audits & reviews completed in accordance with the 2020/21 operational plan (ie planned work) [20]

Table 2: Additional audits, consultations & advisory work completed (ie unplanned work) [12]

Table 3: On-going work [24]

Table 1 – 2020/21 Planned Audits Completed (20)

Audit Area	Type of Audit	Assurance
Key Controls		
<p>Sundry Debtors – Key Controls 2019/20</p> <p>Scope: Key financial risk area. Completed every 3-years. The review considers the arrangements for raising invoices to recover debt owed to the Council: accuracy of value and coding; monitoring of collection rates; debt independently reconciled to ledger; arrears recovery in progress; invoices accountable; security of system.</p>	Key Control	Substantial
Governance		
<p>AGS Framework review - 2019/20</p> <p>Scope: the review considers the effectiveness of the Governance Framework process.</p>	Governance	High
<p>Performance</p> <p>Scope: The system currently used by the service for risk management purposes, which holds the corporate risk register for reporting was reviewed to appraise other modules available.</p>	Advisory	N/A

Audit Area	Type of Audit	Assurance
Risk Management		
<p>Risk Management</p> <p>Scope: Consider the governance arrangements re the Council's corporate risk management approach, to include the systems and procedures in place for delivering the corporate risk framework and reporting arrangements.</p>	System	High
GDPR		
<p>GDPR in Schools</p> <p>Scope: All schools processing personal data must pay a fee to the ICO. The review consists of a periodic registration check, to ensure all CSC schools have paid their annual fee to the ICO. The review does NOT include a review of the data provided to the ICO.</p>	GDPR Compliance	Substantial
Grants		
<p>Post-16 School Funding 2018/19</p> <p>Scope: Grant funding for 2019/20. Provide audit information regarding school audits to finance for forwarding to WG to support grant declaration (no audit required).</p>	Advisory	N/A
<p>Education Improvement Grant (EIG) – End of Year 2019/20</p> <p>Scope: Grant audit. Completing ERW's EIG/RCSIG 2019/20 End of Year Audit Checklist and Testing Schedule to provide assurance that the grant is spent and administered in accordance with WG's guidelines. Also, to certify ERW's End of Year Claim Form to confirm the funding provided by the grantor in 2019/20 is duly allocated respectively to the purposes of the grant, in line with the grantors' terms and conditions of funding and in line with the existing grantee's compliance and audit requirements.</p>	Grant	High

Audit Area	Type of Audit	Assurance
<p>EIG / Regional Consortia School Improvement Grant – 2020/21 Q3 claim</p> <p>Scope: Grant audit. Certify ERW's EIG/RCSIG Quarter 3 Claim Form to confirm the funding provided by the grantor in the third quarter of 2020/21 is duly allocated respectively to the purposes of the grant, in line with grantors' terms and conditions of funding and in line with the existing grantee's compliance and audit requirements. Also complete supporting Audit Checklist and Testing Schedule to enable ERW to place assurance on the arrangements in place within the Council for the management of EIG/RCSIG.</p>	Grant	High
<p>Pupil Development Grant – End of Year 2019/20</p> <p>Scope: Grant audit. Completing ERW's PDG 2019/20 End of Year Audit Checklist and Testing Schedule to provide assurance that the grant is spent and administered in accordance with WG's guidelines. Also, complete ERW's Audit Certificate to confirm the claim form entries are correct, in particular, the entry that records actual incurred expenditure from the grant in the 2019/20 financial year; and that the expenditure is eligible for grant in accordance with WG's terms and conditions.</p>	Grant	High
<p>Pupil Development Grant – 2020/21 Q3</p> <p>Scope: Grant audit. Certify ERW's PDG Quarter 3 Claim Form to confirm the funding provided by the grantor in the third quarter of 2020/21 is duly allocated respectively to the purposes of the grant, in line with grantors' terms and conditions of funding and in line with the existing grantee's compliance and audit requirements. Also complete supporting Audit Checklist and Testing Schedule to enable ERW to place assurance on the arrangements in place within the Council for the management of PDG.</p>	Grant	High

Audit Area	Type of Audit	Assurance
Other Services and Systems		
<p>Human Resources – Value For Money</p> <p>Scope: Evaluate the HR service following its corporatisation, using CIPFA's benchmarking primary and secondary indicators. The evaluation was based on the 2018/19 financial year as a 'base-year' for future benchmarking.</p>	System	Substantial
<p>Council Credit Cards</p> <p>Scope: System audit. To concentrate on new system in place, and the issue of credit cards to staff. Document and assess governance, risks & controls.</p>	Further Testing Required	N/A
<p>Harbours Account</p> <p>Scope: The Council must prepare annual accounts following proper practices as set out in the One Voice Wales/SLCC publication Governance and accountability for local councils in Wales – A Practitioners' Guide (the Practitioners' Guide). The Practitioners' Guide states that bodies may prepare their accounts in the form of an annual return prepared by Audit Wales, which includes internal audit input regarding account preparation. This was in respect of the 2019/20 account.</p>	Account	High
Safeguarding		
<p>Disclosure & Barring Service – Corporate Arrangements</p> <p>Scope: Review a sample of Council policies and procedures to assess their compliance with the recently introduced corporate DBS Code of Practice.</p>	System	Substantial

Audit Area	Type of Audit	Assurance
<p>Disclosure & Barring Service – Taxi Licences</p> <p>Scope: Gain assurance that procedures are in place to ensure that taxi licenses are only issued to those with satisfactory DBS checks. This did not include the taxis used for Council transport; and excluded any ‘spot-checks’ as none were scheduled by the service at the time of the audit and police presence is required.</p>	System	Substantial
Counter Fraud		
<p>Mandate Fraud</p> <p>Scope: Two incidents of attempted mandate fraud received via Payments & Procurement Service. Advice provided regarding reporting to National Cyber Security Centre.</p>	Advisory	High
Additional Reviews / Consultations		
<p>Childcare Assistance Scheme</p> <p>Scope: WG’s Childcare Offer scheme was temporarily replaced by a new scheme due to the pandemic. The service requested advice from IA for auditing purposes. Assurance based on systems and processes in place at the time of the review.</p>	Grant / Advisory	High
<p>Legal – Ordering System</p> <p>Scope: Request received for advice re current ordering and invoicing procedures; and changes to be incorporated when new procurement system is introduced. Assurance based on systems and processes in place at the time of the review.</p>	System	Substantial

Audit Area	Type of Audit	Assurance
Youth Service Scope: Advice requested from service on receipt of funding for scheme, as part of Corporate Project Management Panel.	Advisory	N/A
Revenues & Benefits Scope: Service needs to revise method of choosing sample records for its quality checks. IA requested to provide an opinion on new prospective system.	Advisory	N/A

Table 2 – 2020/21 Unplanned Audits Completed (12)

Audit Area	Type of Audit	Assurance
Governance		
Evaluation of Annual Governance Statement Scope: Evaluate the AGS format and content against CIPFA criteria.	Governance	High
Annual Governance Statement 2020/21 – Framework Review Scope: Governance. Review the procedure and self-assessment arrangements of the governance framework, the scoring methodology used and the evidence available to support actions.	Governance	High

Audit Area	Type of Audit	Assurance
Other Services and Systems		
<p>Coroners – Value for Money (VFM)</p> <p>Scope: a follow-up report to the 2019 IA evaluation of the service, which was undertaken due to the Funeral Director Services paid by the Council going out to tender in 2019.</p>	VFM	N/A
<p>Coroners – New System</p> <p>Scope: the review was undertaken to set-up a new system for the processing of the service payments, due to re-structures within the Council.</p>	System	Moderate
<p>Capital</p> <p>Scope: Ensure procedures in place to ensure Council has planned, prepared & has arrangements in place to comply with capital accounting requirements.</p>	System	High
Counter Fraud		
<p>Fraud & Ethics Training</p> <p>Scope: Counter Fraud. Collaborate with Zurich (Council’s insurer) re training module on fraud & ethics. Module now complete & due to be presented at corporate managers’ workshop on 28 May 2021, to raise awareness.</p>	Advisory	N/A
Additional Reviews / Consultations		
<p>Planning Applications</p> <p>Scope: Request from service re receipting income received in respect of planning applications if no electronic receipts produced. Assurance based on temporary procedures put in place.</p>	Advisory	Substantial

Audit Area	Type of Audit	Assurance
<p>Housing Initiative</p> <p>Scope: An anomaly was discovered in an application made re the initiative. IA was requested to provide advice and assistance whilst the application was being addressed.</p>	Advisory	N/A
<p>Housing Guidance</p> <p>Scope: Review of guidance regarding systems in operation requested, during the service's update of procedures.</p>	Advisory	N/A
<p>Travelling</p> <p>Scope: a new system of claiming travelling within one of the Council's services was recommended in response to an incident brought to the attention of audit.</p>	System	Moderate
<p>Petty Cash</p> <p>Scope: Advice was requested from one of the Council's services regarding the streamlining of cash requirements in establishments during the pandemic.</p>	System	Substantial
<p>Income Signatory</p> <p>Scope: Provide advice regarding separation of duties and independent verification in signatures evidencing system, whilst working from home.</p>	Advisory	N/A

Table 3 – On-going work (24)

- Business Rates Grants – some records still awaiting valuations, therefore checks may still be required
- ‘Firebreaker’ Grants – some applications / appeals still on-going
- Third tranche & Discretionary Grants – some applications / appeals on-going
- Annual Governance Statement – evaluate and contribute as required throughout the year
- Risk Register – check mitigating controls in place
- Coroners – support & evaluate new system in its development
- National Fraud Initiative – co-ordinate the exercise, which matches electronic data within and between public and private sector bodies to prevent and detect fraud
- ActiveData – use to detect duplicate / anomalies in grant payments; check against counter-fraud information received eg NAFN bulletins
- Procurement – sample test of new creditors set up on system to ensure they are ‘genuine’ and that purchases are appropriate
- Payroll – sample test new employees to ensure in post
- Governance & Audit Committee support
- Input to reviews undertaken by Governance Officer:
 - LG & Elections (Wales) Act 2021
 - Code of Conduct
 - Constitution
 - General Power of Competence Regs
- Audit Wales Protocol – support arrangements to ensure AW recommendations are acted upon
- Counter-Fraud Strategy – increase awareness and ensure strategy is up-to-date and relevant
- Attend Group meetings to raise IA awareness of any major changes in systems & procedures, to re-assess any associated risks & re-prioritise IA work if appropriate, eg:
 - Corporate Management Workshop
 - Corporate Project Management Panel
 - Emergency Planning & Business Continuity Management Group
 - Economic Adjustment (Silver Command)
 - Development Group
 - Brexit Team

- 2.6 The aim of the majority of reports issued is to give managers an opinion on the governance, risk and controls of the area under review, and recommending corrective actions to strengthen any weaknesses discovered. These opinions, plus the likelihood of improvement, provide the foundation on which to base the IA annual opinion of assurance on the Council's whole environment. Consultancy work also adds value by helping managers improve processes and achieve their objectives more effectively.
- 2.7 To comply with the Standards a formal follow up process is in operation within the Service to confirm that the recommendations made in IA reports have been implemented by management within agreed timescales. A follow up audit will normally take place the year following the original audit, with the exception of those audits assessed as providing high levels of assurance where follow up work is not performed, in order to maximise the audit resource. However, due to the current circumstances, the follow-up audits due to be undertaken in 2020/21 have been carried-forward to 2021/22.
- 2.8 The levels of assurance provided by the work undertaken during the year by IA are summarised in the table below:

Level of Assurance	Number
High	12
Substantial	8
Moderate	2
Limited	0
N/A	10
Total	32

- 2.9 The criteria used to assess each level of assurance are outlined in Appendix 3.
- 2.10 During 2020/21 audit plan year the majority of reviews that were provided an opinion on assurance, were allocated either high or substantial assurance based on the work undertaken (as per the table above). A number of the 'high' assurances were provided in respect of grants.
- 2.11 IA continued to focus resources into grant related areas during 2020/21, as required at the time by ERW, to ensure that the risks presented by this type of funding were being appropriately managed. No significant risks were identified in respect of the grants reviewed.
- 2.12 No systems audited during the year were allocated limited assurance. Two were given moderate assurance. As well as advising the services at the time of the audit the corrective actions required, a further review will be undertaken to assess improvements, and IA will continue to work with the services to assist with embedding improvements into systems.

- 2.13 In addition to covering risk management as part of individual reviews, an audit of the corporate risk management framework in place within the Council was undertaken during 2020/21 which will be reported to the Governance & Audit Committee. This work concluded that a high assurance could be given that processes are being managed effectively on a corporate level, which is an important factor in supporting the audit opinion. This assurance is further supported by the regular reporting of the corporate risk register and framework to Governance & Audit Committee.
- 2.14 AW review the Annual Governance Statement and provide an opinion covering its consistency with their knowledge and with legislation. This work is complemented by an internal audit review of the Framework process, which is also presented to Governance & Audit Committee. High assurance has been based on procedures in place to ensure the AGS and its supporting documents are effective and are monitored throughout the year.
- 2.15 During the year IA undertook an audit of the Council's compliance with the Well-Being of Future Generations Act 2015, and how it has been embedded within services. This report was due to be reviewed at year-end and will be finalised during the first quarter of 2021/22.
- 2.16 A positive report with high assurance that satisfactory arrangements were in place re the Council's culture of ethics was received in 2018/19. Two actions were required; the first, a requirement to circulate a questionnaire to all staff regarding their beliefs on the Council's ethical culture was completed during the audit year. Arrangements have since been made to address the second action in providing training to staff on the subject, which is due to be presented at a workshop on 28 May 2021. A follow-up audit of Ethics has also commenced.
- 2.17 IA staff have a knowledge of key risks and controls regarding information, its security and the ICT environment. This is demonstrated when collecting assurance re ICT system safeguards during each key control audit.
- 2.18 Some IA staff have attended basic ICT audit training sessions, and/or have the use of data analysis software in order to expand the skills within the Section. The CMIA and AM have also attended ICT audit training provided by the Institute of Internal Auditors and Mindgrove during 2019/20.
- 2.19 During the pandemic, ICT has been a key enabler in maintaining all the services that the Council deliver by supporting staff to work from home and on average they have over a 1000 connections every day. The majority of ICT staff are working from home, providing support to end users, maintaining applications software and continuing to develop new solutions to deliver Council services digitally through CLIC and the website. The technicians can provide remote support to end users, and maintaining and upgrading ICT provision in a safe manner.

- 2.20 At the start of the lockdown, the ICT service had already started the migration of staff over to Office 365 (replacing the existing email and office systems used) and the migration has continued with the majority now completed. Usage of the system has increased during the pandemic. The number of unsuccessful cyber threats (malware & phishing messages) have been reported to Scrutiny. ICT continues to support all service areas and is actively enabling more digital delivery of the Councils services.
- 2.21 Reviews of IT back-up and recovery procedures are checked for all key control audits. No separate IT audits were undertaken during 2020/21, but this will be addressed in 2021/22 in keeping with the IT audit training received. (A review of the new Ceri ITrent payroll system was undertaken during 2017/18 by a neighbouring Council’s specialist ICT auditors, who also carried out an audit of the Council’s Financials computerised ledger system in 2018/19).
- 2.22 More time has been focussed on an assurance mapping exercise during this year, as per the IA Improvement Plan for 2020/21. All the additional assurances used to inform the audit opinion are listed in Appendix 4.
- 2.23 A separate Report has been produced outlining the counter fraud work undertaken by the service, as requested by the Committee.

3 FINDINGS 2020/21

3.1 A total of 47 ‘actions required’ have been issued in the final reports distributed during 2020/21, some of which were minor in nature, but merited consideration (as per table below).

Classification of Actions				Total Actions
Fundamental	Significant	Moderate	Merit Attention	
0	6	27	14	47

3.2 The significant actions have been reported regularly to the Committee in the quarterly IA Progress Reports.

4 AVAILABLE RESOURCES

- 4.1 The current IA structure is attached in Appendix 5. The Governance Officer (who will only dedicate part of her time to audit) and the Apprentice Assistant Auditor commenced on 1 November 2020, followed by the second Auditor on 1 December 2020.
- 4.2 All three new members of staff have received IA induction as well as corporate induction training; and all have attended CIPFA's 'Introduction to Audit' webinar.
- 4.3 During the year a total of 748 days of audit activity were undertaken (equating to approx 139% of required days). The figure has exceeded 100% of the original allocated resources mainly due to the restructure.
- 4.4 The AM has continued to co-ordinate and work on the National Fraud Initiative (NFI) exercise during the year, the mandatory exercise run by AW that matches electronic data within and between public and private sector bodies to prevent and detect fraud.
- 4.5 Staff have also contributed to the Annual Governance Statement and other corporate policies and procedures; and attended workshops / meetings to include the Corporate Project Management Panel, Corporate Managers' Workshops, Silver Command – Economic Adjustment in order to gain assurances.
- 4.6 The majority of audits were completed within the estimated days allowed (96%). Some of the key financial control audits have been addressed prior to the usual 3-yearly cycle due to additional risks introduced from working from home; and counter-fraud work has also been undertaken in these areas.
- 4.7 As well as the above, a number of planned and unplanned, audits and consultations have been undertaken across a diverse section of the Council's services.
- 4.8 Arrangements were made during the year to enable the issue of service Audit Reports from the Pentana (MKI) audit management software system, as noted in the IA Improvement Plan for 2020/21. However, due to the current way of working the system has not been as useful to the service. This will be evaluated when the service resumes usual duties. In the meantime, shared electronic folders will be used to record all reactive work completed.

5 AUDIT PERFORMANCE

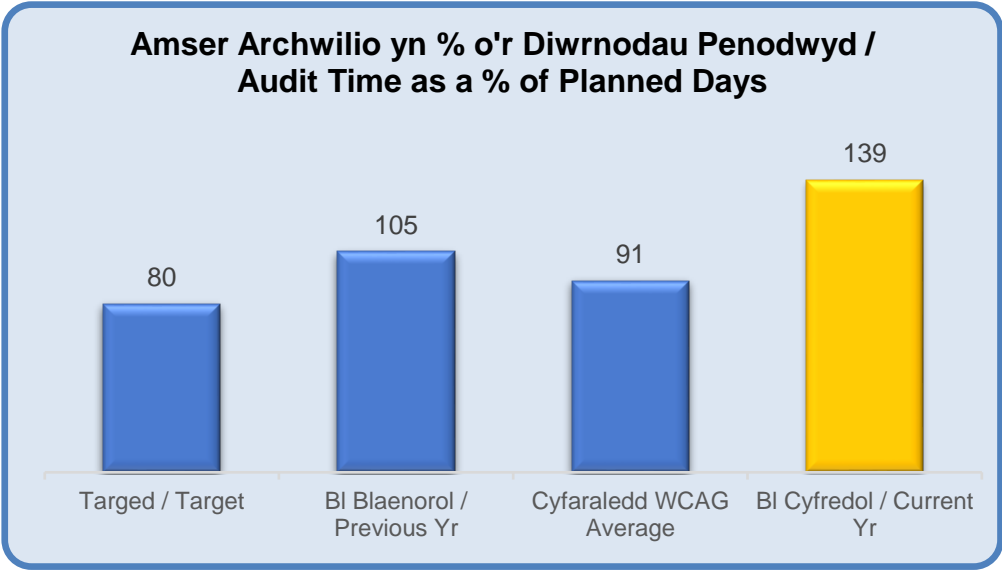
- 5.1 An annual self-assessment has again been undertaken by the CMIA using CIPFA's checklist to assess IA's compliance with the Standards and LG Application Note. A summary of the results plus the resultant improvement plan has been attached in Appendix 6 of this report. (An evaluation of the Pentana (MKI) system has been added to this item in the plan).
- 5.2 An external review of the assessment was conducted during 2016/17 by an Audit Manager of Conwy County Borough Council. In accordance with the Standards, this assessment is required to be undertaken every five years by a qualified independent assessor. Plans have again been made via the Wales Chief Auditor Group; Ceredigion's next assessment has been scheduled for March 2022 and will be undertaken by Ynys Môn's Head of Audit. (The CMIA will undertake Denbighshire's assessment in February 2023).
- 5.3 Any instances of non-conformance to the Standards is reported to the Governance & Audit Committee. Any significant deviations is noted in the Annual Governance Statement.
- 5.4 The CMIA ensures the Section complies with the Standards' Mission, Definition of Internal Auditing, the Code of Ethics and the Standards as set out in the Charter via a set quality assurance and improvement program (QAIP), ie:
- All members of IA staff have access to a local 'Internal Audit Manual' document covering areas such as the auditors' roles and responsibilities, documentation standards, etc. (This has recently been updated).
 - The IA Charter, Council Policies, Governance & Audit Committee minutes, etc are all available on the Council's website or Ceri system and the Service has signed up to reference sites such as CIPFA's Better Governance Forum and Tis-online which provide further information and guidance.
 - Consideration is given to the skills and experience of each auditor prior to allocating assignments. Audit staff are appropriately trained and supervised. Three of the IA staff are currently pursuing the Institute of Internal Auditor's qualification. Work is reviewed to monitor progress.
 - All work is subject to audit management quality review prior to issue, which is evidenced.
 - User feedback is requested via a quality control questionnaire, to identify any possible improvements to the service (although, due to services' resources, this has not been in place during the pandemic – this has been noted in the improvement plan for 2021/22).
 - Periodic reviews are undertaken, to assess the service achievements to date against the set strategy, at which time any necessary resultant actions are identified and implemented.

- The IA Business Plan feeds in to the Service Plans. These include high level actions for ensuring performance, development and improvement throughout the year which the Council monitors on a formal basis.
- The CMIA's quarterly progress reports to Governance & Audit Committee document the Section's position and achievements during the year; the annual report notes how the Section has met its aims and objectives at year-end.
- All members of staff are subject to annual appraisals under the Council's scheme, which requires the continuous enhancement of knowledge, skills and competencies. The appraisal process is supported by regular IA team meetings and one-to-one meetings with the CMIA (which have continued whilst working from home due to the pandemic).
- All members of audit and governance staff are required to sign an annual declaration of interest and a code of ethics affirmation.
- IA work is subject to review by Audit Wales, and other reviewing bodies / assessors.
- The CMIA compiles a range of performance indicators as set by the Governance & Audit Committee based on CIPFA's benchmarking indicators:

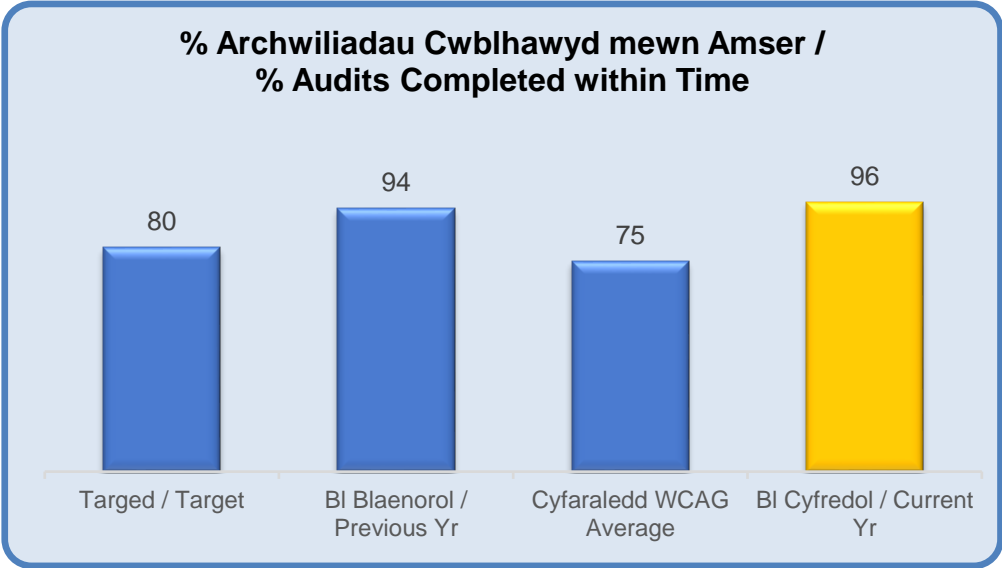
Indicator	Measure	Target	2020/21
Number of audits completed	Number	-	32
Percent of planned time spent on audits	%	80	139
Percentage of QCQs returned	%	50	-
Percentage of clients responses at least 'satisfied'	%	95	-
Percentage of actions accepted versus made	%	95	100
Percentage of audits completed within planned time	%	80	96
Av no of days from end of audit to issue of draft report	Days	10	9
Av no of days from exit meeting to final report	Days	5	1.3

5.5 During 2020/21 32 reviews were completed. No quality control questionnaires were sent out, but a number of favourable comments were received and 100% of recommendations were accepted.

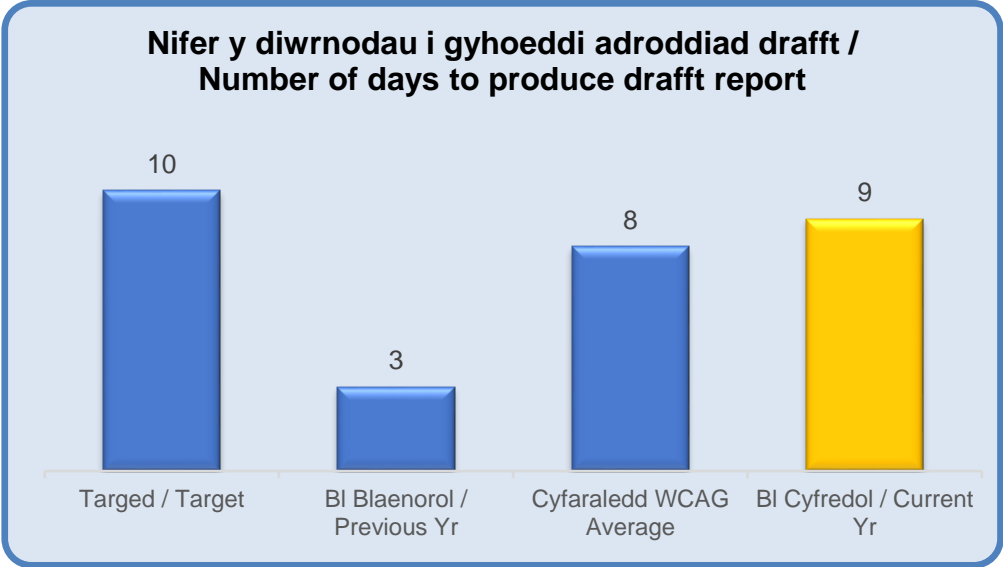
5.6 The percentage time spent on audits improved over the previous year's results, and exceeded the set target of 80%:



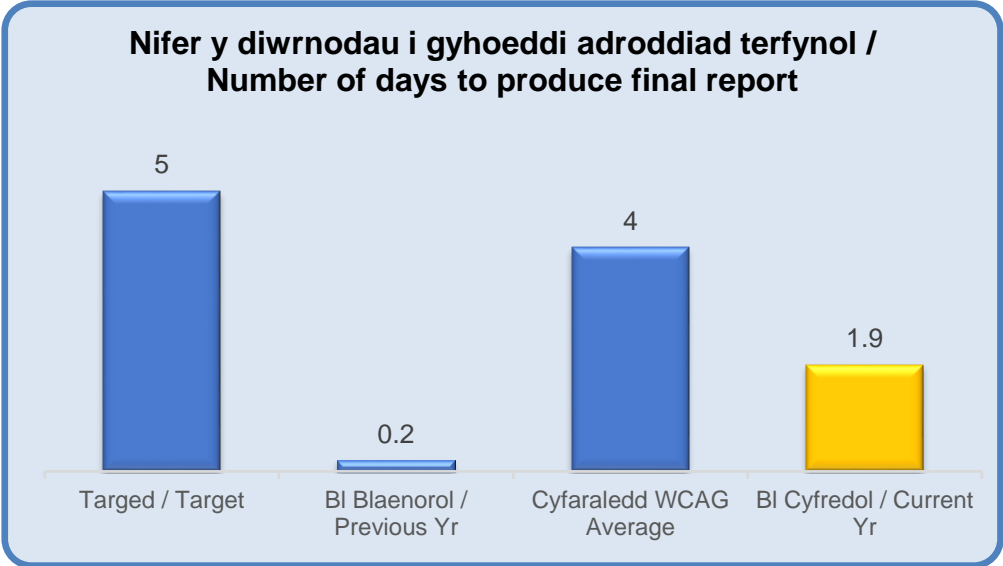
5.7 There was a slight increase from last year in the percentage audits completed within the planned time, which also exceeded the set target of 80%:



5.8 The average number of days between the end of the audit field-work and the issue of a draft report was greater than last year but still within the target number of 10 days (although this can be partly attributed to many grant / advisory reviews which are turned around quickly):



5.9 Following on from the above, there remains an overall good turn-around between the audit exit meeting and the issue of the final report, with a number of reports being issued the same day as the exit meeting:



6 CONCLUSION AND OVERALL OPINION

- 6.1 The ethical culture within the Council is good, with employees and Members expected to comply with the Codes, policies and guidance issued (which is demonstrated by the need to review such documents every three years). These are readily available on the Council's website and/or Ceri. Managers have also received training provided by HR on various aspects of workforce planning, development and management, as well as an opportunity to follow an Institute of Leadership & Management qualification. All staff have to complete mandatory training modules on matters such as equality & diversity, health & safety, etc which is monitored by Leadership Group. Additional modules were added during the pandemic such as Managing Teams Remotely.
- 6.2 It has been necessary to adopt a more 'reactive' method of working during 2020/21, in response to the Council's needs during the pandemic. The service has reacted promptly to any immediate demands, reassessed risk, and redirected resources where they were most required. This has been undertaken in compliance with CIPFA and IASAB's guidance.
- 6.3 The majority of Audit Reports issued during the year resulted in a positive assurance level. Other methods of obtaining assurances were also taken into account.
- 6.4 Follow-up audit reviews will be undertaken during 2021/22 onwards where necessary.
- 6.5 The arrangements in place to ensure that management do actually address issues raised by IA have been strengthened by the formation of the Governance & Audit Committee.

6.6 It can therefore be concluded, based on:

- **the number, scope and assurances from internal and external reviews undertaken during the year to 31 March 2021, and**
 - **the acceptance of actions by management (where available),**
- that the Council has a satisfactory framework of governance, risk management and internal controls in place to manage the achievement of the organisation's objectives.**

MAR/Aud145
6 May 2021



Corporate Manager - Internal Audit

Conformance with the PSIAS during the coronavirus pandemic

The IASAB has developed this guidance to support heads of internal audit and individual internal auditors in the UK public sector. It has the backing of all of the UK Responsible Internal Audit Standard Setters (RIASS)¹.

All internal auditors of any organisation in countries significantly affected by COVID-19 will be reassessing their work plans and staff priorities. For public sector internal auditors there is an additional responsibility. All staff in a public service body have a responsibility to work in the public interest. At a time of national crisis there is a need to act in the best interests of the health, safety and livelihoods of the public as well as supporting the operational needs of the organisation.

As a result very few internal auditors will be operating under 'business as usual' conditions. At the very least they will be doing the majority of work remotely, and staff in many teams are likely to be taking on different roles to support their organisation and the public interest.

The primary concern of heads of internal audit will be to support their organisation and its functions together with concern for the wellbeing of their staff. They may also be worried that the decisions they take could lead to non-conformance with UK Public Sector Internal Audit Standards (PSIAS²).

This guidance should reassure heads of internal audit and the audit committee that diversion from planned audit work will not automatically mean that they do not conform. There are however some basic steps to take to safeguard the longer-term position of internal audit.

Note that useful additional material is provided in an Information Paper *Doing things differently during the coronavirus pandemic – adjusting to the new normal* which is available on the IASAB website at www.iasab.org. This also links to other useful online resources developed in response to the current crisis.

¹ The Relevant Internal Audit Standard Setters (RIASS) are:

- HM Treasury in respect of central government;
- the Scottish Government, the Department of Finance Northern Ireland and the Welsh Government in respect of central government and the health sector in their territories;
- the Department of Health in respect of the health sector in England (excluding Foundation Trusts); and
- the Chartered Institute of Public Finance and Accountancy in respect of local government across the UK.

² PSIAS are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) and include additional UK public sector requirements and interpretations.

Mission of Internal Audit

The Mission of Internal Audit is 'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.' In the current circumstances internal auditors will be fulfilling their Mission in different ways than usual. However the critical point is that they should still fulfil that Mission. Ideally, this will provide enough assurance to support audit opinions, and for the Governance Statement, although it will certainly be appropriate to draw attention to the context within which this assurance was gained and potential limitations. If it is not possible to achieve sufficient depth or coverage it will be necessary to caveat opinions and/or the Governance Statement, and explain the impact of this and what will be done to retrieve the position in future. However, the key point is to protect organisational value.

Examples of ways that internal audit can protect organisational value are:

- Helping **protect** the organisation's operations by helping management to find new ways of working
- Providing real-time **advice** and **insight** in the development of new systems and controls. For example where the organisation has to implement a new and urgent government policy.
- Ensuring that internal audit's work remains **risk-based**, but continuously reassessed to reflect the significant changes and escalation of risk levels being experienced.
- Providing real-time **assurance** to the board and audit committee on the actions and decisions being made.
- Helping the organisation to understand and plan for longer term risks resulting from the current crisis to **protect** the organisation and its services going forward.

Applying the Standards

Whatever internal audit work is undertaken, it should be in accordance with PSIAS. In practice the operational situation is likely to make this more challenging. Challenges might include:

- **Diversion of internal audit staff to other work:** this may reduce capacity to carry out audit work, capacity to monitor the quality of that work, and may make it harder to manage threats to independence
- **Diversion of operational staff to other duties:** this may make it difficult to access information or obtain responses to audit queries.
- **Home-working of the majority of staff:** depending on the effectiveness of business continuity arrangements in a home-working environment, both internal audit and operational staff may have reduced access to systems and resources. This may be a particular issue for smaller public sector organisations.
- **Increased levels of sickness absence/sick leave:** these may exacerbate the above issues

However each internal auditor retains their personal responsibility for operating in accordance with PSIAS and should aim to act professionally. The Core Principles in the International Professional Practices Framework articulate internal audit effectiveness, and are short and focused reminders of the professionalism of an internal auditor. There will clearly be strains on resources, and this will make it more difficult to maintain quality and adherence with professional standards. There will often be pressures to contribute to the first and second lines of defence rather than providing assurance, and this may in turn create threats to independence which need to be managed.

Key Steps to Take

1. Advise the audit committee and other key stakeholders³ in the governance process of the changes to the audit plan and operations of the internal audit team. A lengthy report is not required but the committee should be made aware. Brief but regular updates should be provided as the situation develops.
2. Maintain regular and constructive communications with external audit. This will help external audit understand how delivery of assurance is being progressed and provide information on changes in the organisation's system of governance and control
3. Where internal audit staff are reassigned to undertake advisory or consultancy work rather than assurance engagements then they should be made aware of the standards relating to consulting activities, if they are not already familiar with them.
4. Where internal audit staff are diverted into operational roles it should be made clear that for the duration that the staff are not operating as internal auditors. When staff return to their internal audit role, a review can be undertaken to see if any steps are necessary to address impairment to independence and objectivity (standard 1130).
5. Keep clear records of the changes to roles and plans. These will help key stakeholders understand the revised arrangements and will help resolve any conflicts of interest later.
6. Remember the Mission of Internal Audit and act in accordance with it. When the immediate crisis is over the head of internal audit should be able to demonstrate how the operation of internal audit has helped fulfilment of the Mission.
7. At all times Internal Auditors should comply with Government advice, and that of their organisation, regarding health and safety during the coronavirus pandemic.

External Quality Assessment

Heads of internal audit may find themselves in a position where an external quality assessment would not demonstrate the expected level of conformance with the PSIAS. While this may be reasonable in the face of the challenges noted above, they should nevertheless plan to recover the conformance position over time. Such plans will need to take a realistic view of continuing disruption to working practices in the light of developing information: it may be appropriate to begin recovery in advance of a return to fully normal working.

Assessors undertaking a PSIAS review in the next year should take into account the significant interruption to business as usual experienced by internal audit teams in the public sector. Assessors may also need to be flexible in order to schedule and conduct their work in a manner which does not interfere with response to the crisis. The IASAB would encourage assessors to have regard to this guidance note.

³ For example, in central government, the Accounting Officer will need to be kept informed of changes to the normal operation of internal audit.

Internal Audit Operational Plan 2020/21

Audit Area	Scope
Changes due to Pandemic	
Risk assessed reactive work	IA will undertake reviews of systems and procedures and any other work where it is identified that the Service can add value to the Council's operations during the pandemic.
- Business Rates Grants – On-going	Business Rates Grants – checking a sample applications prior to payment; validating information and documentation; other testing as appropriate. The majority of this work completed, but a few applications with queries still awaiting decisions. See IA Counter-Fraud Report.
- Registration Service - income collection – On hold	Registration Service – independent verification of payments received and banked during office closure. To be undertaken once staff return to offices.
- Free School Meals – On-hold	Free School Meals – check sample of allowances paid. This audit is now back on plan.
Economic Adjustment - Silver Command – On-going	A member of IA staff attends the group tasked with ensuring arrangements are in place within CSC, to provide advice and guidance when required. Assurance assessed re procedures in place to ensure the Group is adequately supported and achieves its objectives. Group continues to meet fortnightly. See assurance mapping Appendix 4.
Key Control Audits:	
Sundry Debtors KC – Audit Completed & Report Issued	Key financial risk area. Completed every 3-years. The review considers the arrangements for raising invoices to recover debt owed to the Council: accuracy of value and coding; promptness of raising bills; monitoring of collection rates; debt independently reconciled to ledger; arrears recovery in progress; invoices accountable; security of system.
MAS KC – Audit Completed & Awaiting Review	Key financial risk area. Completed every 3-years. The review considers the arrangements for: monitoring, reconciliation, compliance with policy, authorisation, separation of duties and contingency plans for the Council's main accounting system. It does NOT include the ICT system. Audit testing complete, draft report produced and awaiting quality review by Audit Manager / CMIA.
Follow-up of 2018/19 & 2019/20 KC Actions – On hold	Assurance that previous recommended actions made in key control audits have been implemented where appropriate. Spreadsheet produced of all actions to be re-addressed. To be undertaken once staff return to offices.

Corporate Governance:	
AGS - Framework Review 2019/20 – Audit Completed & Report Issued	Governance review. The review considers the effectiveness of the Governance Framework, especially in the areas specifically addressed in the AGS action plan.
Annual Governance Statement – On-going	Contribute to AGS & procedure as necessary. Governance Framework runs on a rolling review basis. See assurance mapping Appendix 4.
Performance – Audit Completed & Report Issued	Governance review. The review considers the arrangements for preparing and reporting set targets. It does NOT include a review of each target. Audit scope to be reviewed in light of new Teifi system.
Emergency Planning & Business Continuity Management Group – On-going	A member of IA staff attends the group tasked with ensuring arrangements are in place within CSC, to provide advice and guidance when required. Assurance assessed re procedures in place to ensure the Group is adequately supported and achieves its objectives. Group superseded by GC/SC during pandemic, but meetings resumed 26/4/21. See assurance mapping Appendix 4.
Risk management & Corporate Risk Register:	
Check mitigating controls in place for risks – On-going	Risk management. The review assesses the effectiveness of controls in place for risks identified in the corporate risk register. Elements will be selected and the effectiveness of the stipulated mitigating controls will be reviewed. The scope is limited to the arrangements noted in the report. The sample will be chosen at the commencement of the audit. Sample of mitigating actions verified. See assurance mapping Appendix 4.
Risk Management – Audit Completed & Report Issued	Contribute to RM & procedure as necessary. Full audit of Risk Framework undertaken.
Well-Being of Future Generations	
Embedding of WFGA within Services – Audit Completed & Awaiting Review	WFGA. The review considers the arrangements in place for ensuring services have regard for corporate objectives in their plans, and that WFGA requirements have been considered. The initial WFGA programme of actions required will be reviewed & a sample of the evidence checked. Audit testing complete, draft report produced and awaiting quality review by Audit Manager / CMIA.
IIA Review & Assessment – On hold	WFGA. The review considers the arrangements in place for preparing and submitting IIAs, and the consistency in approach and compilation. To be included with Socio-Economic requirements.
WFGA Group – N/R	A member of IA staff attends the Group tasked with implementation of the Act within CSC, primarily to assist with updating the Group's continuous self-assessment and to provide advice and guidance when required. Assurance assessed re procedures in place to ensure the Group is adequately supported and achieves its objectives. Group set-up to implement set action plan, which has now been completed. See assurance mapping Appendix 4.

General Data Protection Regulation	
Compliance (ICO Guidance) – Audit Completed & Awaiting Review	GDPR. The Regulation became effective in May 2018 and has a significant effect on how data is held and protected. There are reputational implications as well as financial penalties for non-compliance. The review will assess the Council's arrangements for compliance with various elements of the Regulation such as privacy notices, and data audits. Audit testing complete, draft report produced and awaiting quality review by Audit Manager / CMIA.
GDPR in schools – Audit Completed & Notification Issued	GDPR. All schools processing personal data must pay a fee to the Information Commissioner's Office. The review consists of a periodic registration check, to ensure all CSC schools hold a valid and up to date registration with the ICO. The review does NOT include a review of the data provided to the ICO.
GDPR / Information Security Group – N/R	GDPR. A member of IA staff attends the GDPR Project Team tasked with implementation of the Regulation within CSC, to provide advice and guidance when required. Assurance assessed re procedures in place to ensure the Group is adequately supported and achieves its objectives. Replaced by service's Information Governance Team, who meet on a monthly basis. . See assurance mapping Appendix 4.
New Projects	
CPMP – On-going	New projects. A member of IA staff attends the meetings to ensure awareness of any major changes in systems, and to determine whether IA input is required. Assurance assessed re procedures in place to ensure the Group is adequately supported and achieves its objectives. Group meets fortnightly. See assurance mapping Appendix 4.
Corporate Management	
Corporate Management workshop – On-going	A member of IA staff attends the meetings to ensure awareness of any major changes in systems, and to determine whether IA input is required. Assurance assessed re procedures in place to ensure the Group is adequately supported and achieves its objectives. Group meets quarterly. See assurance mapping Appendix 4.
Grants	
Post-16 Funding – 2019/20 – Documentation provided as requested	Grant audit. Checking the administration of the Post-16 Funding grant for the 2019/20 financial year, to confirm that the allocations made are consistent with the amounts forwarded by WG and that the administration of the grant is in accordance with required guidelines. Also, covering correspondence and evidence is collected and forwarded to WG to support the declarations made.

<p>EIG/RCSIG - 2019/20 final EOY audit – Audit Checklist & Testing Schedule completed, EOY claim verified and all forwarded to ERW</p>	<p>Grant audit. Completing ERW's EIG/RCSIG 2019/20 End of Year Audit Checklist and Testing Schedule to provide assurance that the grant is spent and administered in accordance with WG's guidelines. Also, to certify ERW's End of Year Claim Form to confirm the funding provided by the grantor in 2019/20 is duly allocated respectively to the purposes of the grant, in line with the grantors' terms and conditions of funding and in line with the existing grantee's compliance and audit requirements.</p>
<p>EIG/RCSIG - 2020/21 first quarter audit – N/R</p>	<p>Grant audit. Certifying ERW's EIG/RCSIG Quarter 1 Claim Form to confirm the funding provided by the grantor in the first quarter of 2020/21 is duly allocated respectively to the purposes of the grant, in line with the grantors' terms and conditions of funding and in line with the existing grantee's compliance and audit requirements. Audit testing no longer required by ERW to verify quarter 1.</p>
<p>EIG/RCSIG - 20/21 second quarter audit – N/R</p>	<p>Grant audit. Certifying ERW's EIG/RCSIG Quarter 2 Claim Form to confirm the funding provided by the grantor in the second quarter of 2020/21 is duly allocated respectively to the purposes of the grant, in line with the grantors' terms and conditions of funding and in line with the existing grantee's compliance and audit requirements. Audit testing no longer required by ERW to verify quarter 2.</p>
<p>EIG/RCSIG - 2020/21 third quarter audit – Audit Checklist & Testing Schedule completed, Q3 claim verified and all forwarded to ERW</p>	<p>Grant audit. Certifying ERW's EIG/RCSIG Quarter 3 Claim Form to confirm the funding provided by the grantor in the third quarter of 2020/21 is duly allocated respectively to the purposes of the grant, in line with grantors' terms and conditions of funding and in line with the existing grantee's compliance and audit requirements. Also to complete ERW's supporting Audit Checklist and Testing Schedule to enable ERW to place assurance on the arrangements in place within the Council for the management of EIG/RCSIG.</p>
<p>EIG/RCSIG - 2020/21 fourth (est) quarter audit – CFwd</p>	<p>Grant audit. Certifying ERW's EIG/RCSIG Quarter 4 Claim Form to confirm the funding provided by the grantor in the last quarter of 2020/21 is duly allocated respectively to the purposes of the grant, in line with the grantors' terms and conditions of funding and in line with the existing grantee's compliance and audit requirements. Audit testing not requested to date.</p>
<p>PDG - 2019/20 final EOY audit – Audit Checklist & Testing Schedule completed, EOY claim verified and all forwarded to ERW</p>	<p>Grant audit. Completing ERW's PDG 2019/20 End of Year Audit Checklist and Testing Schedule to provide assurance that the grant is spent and administered in accordance with WG's guidelines. Also, complete ERW's Audit Certificate to confirm the claim form entries are correct, in particular, the entry that records actual incurred expenditure from the grant in the 2019/20 financial year; and that the expenditure is eligible for grant in accordance with WG's terms and conditions.</p>
<p>PDG - 2020/21 first quarter audit – N/R</p>	<p>Grant audit. Certifying ERW's PDG Quarter 1 Claim Form to confirm the funding provided by the grantor in the first quarter of 2020/21 is duly allocated respectively to the purposes of the grant, in line with grantors' terms and conditions of funding and in line with the existing grantee's compliance and audit requirements. Audit testing no longer required by ERW to verify quarter 1.</p>

PDG - 2020/21 second quarter audit – N/R	Grant audit. Certifying ERW's PDG Quarter 2 Claim Form to confirm the funding provided by the grantor in the second quarter of 2020/21 is duly allocated respectively to the purposes of the grant, in line with grantors' terms and conditions of funding and in line with the existing grantee's compliance and audit requirements. Audit testing no longer required by ERW to verify quarter 2.
PDG - 2020/21 third quarter audit – Audit Checklist & Testing Schedule completed, Q3 claim verified and all forwarded to ERW	Grant audit. Certifying ERW's PDG Quarter 3 Claim Form to confirm the funding provided by the grantor in the third quarter of 2020/21 is duly allocated respectively to the purposes of the grant, in line with grantors' terms and conditions of funding and in line with the existing grantee's compliance and audit requirements. Also to complete ERW's supporting Audit Checklist and Testing Schedule to enable ERW to place assurance on the arrangements in place within the Council for the management of PDG.
PDG - 2020/21 fourth (est) quarter audit – CFwd	Grant audit. Certifying ERW's PDG Quarter 4 Claim Form to confirm the funding provided by the grantor in the fourth quarter of 2020/21 is duly allocated respectively to the purposes of the grant, in line with grantors' terms and conditions of funding and in line with the existing grantee's compliance and audit requirements. Audit testing not requested to date.
Other Services & Systems	
HR-VFM – Audit Completed & Report Issued	An evaluation of the HR service following its corporatisation, using CIPFA's benchmarking primary and secondary indicators.
CLIC – On hold	An evaluation of the service provided - scope to be agreed. To be undertaken once staff return to offices.
Credit Cards – Audit Completed & Report Issued	System audit. To concentrate on new system / cards issued. Documentation of system; ascertain risks in system; evaluate governance & controls required; test. Queries arose following quality review that need to be addresses once staff return to offices. Report issued due to actions required. Assurance not provided until additional audit work undertaken.
Harbours account – Audit Completed & Account Issued	Account audit. Completing WAO's requirements for the audit of the Harbours' annual financial account.
Ceredigion Sports Council – N/R	Honorary audit. Historically, IA prepares and audits the body's annual accounts in time for its AGM. Audit not requested.
Waste – On hold	An evaluation of the procedures introduced for waste collection, as discussed with AW. Consider governance of current system - especially situ re new Strategy. How have problems been dealt with eg seagulls - were they successful - if not, why? What is planned? Public engagement? SLR Group Limited (SLR) has been appointed by Ceredigion County Council (CCC) to explore meaningful options for the future management of waste within Ceredigion. The need for the completed strategy to form the baseline for a Best Value Review of Waste Management also forms part of the Brief.

Museum – Audit Completed & In Review	System audit. To concentrate on new 'cash' & 'stock' services introduced to Museum ie café, shop & bar. Documentation of system; ascertain risks in system; evaluate governance & controls required; test. Queries arose following quality review which will be addressed once staff return to offices.
Houses to Homes – general – On hold	Empty property initiative. Request to review procedures. Scope to be agreed. To be undertaken once staff return to offices.
Coroners – On-going	System audit. Bringing service in line with Council's Purchase Order / Payment system. Necessary to undertake two separate pieces of work prior to conducting this review. This audit is now back on plan.
Safeguarding	
Section safeguarding procedures – On hold	Assurance that all services have introduced a safeguarding policy for staff, which is periodically audited. To be undertaken once staff return to offices.
DBS – Audit Completed & Report Issued	Assurance that appropriate licenses are only issued to those with satisfactory checks eg taxis.
DBS – Audit Completed & Report Issued	Ensure posts have been accounted for as per Council's new DBS policy.
Counter Fraud (incl NFI)	
National Fraud Initiative – On-going	The review provides assurance against reputational damage and financial losses due to fraudulent activity by partaking in the National Fraud Initiative, which is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Stage: See IA Counter-Fraud Report.
Active Data	Data matching. The review provides assurance against reputational damage and financial losses due to fraudulent activity by using the 'Active Data' data analytics system.
- Business Rates Grants – On-going	ActiveData – Business Rates Grants - checking for duplicate payments, etc. See IA Counter-Fraud Report.
Support schemes – See Grant Payments above	Schemes administered to provide additional funds due to pandemic (or other), especially if deadlines provided as these funds can be particularly vulnerable to fraud during crises, because of the volume of money involved and the speed with which it needs to be spent or distributed.
Mandate fraud – Reported	When someone impersonates a third party such as a supplier and demands urgent payment eg creditor change of bank details. Two incidents detected by staff. See IA Counter-Fraud Report.
Procurement fraud – On-going	Check a sample of new creditors to ensure they are actual businesses. See IA Counter-Fraud Report.
Recruitment fraud – On hold	Check a sample of new appointments to ensure all details required have been provided. To be undertaken once staff return to offices.
Payroll fraud – On-going	Check a sample of new appointments to ensure person in post. See IA Counter-Fraud Report.

ICT Audit	
PCI Standard – On hold	Check compliance with the Standard's requirements. To be undertaken once staff return to offices.
Audit logs – On hold	Test audit logs produced from a sample of systems and evaluate how they are used by service. To be undertaken once staff return to offices.
Security - physical and environmental – On hold	Evaluate security within main buildings (to be rolled out to smaller offices and other establishments such as schools). To be undertaken once staff return to offices.
Consultancy (incl AC support)	
Audit Committee – On-going	Support AC as necessary. As required.
C-CAS Grant – procedures – Advice provided, as requested	Request for advice re documentation
Youth Service Lottery Grant – Advice provided, as requested	Request for advice re documentation
Revenues & Benefits – sampling query – Advice provided, as requested	Request for advice re sampling procedures.
Legal Services - Ordering & Invoicing procedures – Advice provided, as requested	Request for advice re current ordering & invoicing procedures; and changes when new creditor system is introduced.
Additional Reviews / Queries / Contingency	See unplanned audits.

Guide to the assurance criteria used:

Level:	High	Substantial	Moderate	Limited
Adequacy of Controls:	Controls in place to ensure achievement of service objectives and to protect Council against significant foreseeable risks. No fundamental weaknesses found.	Controls in place to ensure achievement of service objectives and to mitigate significant foreseeable risks. Some areas of improvement identified.	Controls in place to varying degrees. Gaps identified which leaves service exposed to certain risks. Improvement required.	Controls considered insufficient. Need to strengthen procedures significantly and ensure compliance.
Risks:	Minor risks only.	Opportunity exists to improve on risk exposure.	Need to introduce additional controls and/or improve compliance.	Failure to improve controls leaves Council exposed to significant risk (major financial loss, reputation, failure to achieve service's key objectives).
Guide:	No fundamental or significant actions required.	No fundamental actions required. Limited significant actions.	Number of significant actions.	Number of fundamental / significant actions.
Follow-up required:	Initial audit only.	Follow-up of any significant actions only / self-assessment with samples to evidence compliance.	IA follow-up with sample tests undertaken to ensure all actions implemented, and to re-assess assurance.	IA follow-up with full testing undertaken to ensure all actions implemented, and to re-assess assurance.

Assurances identified during 2020/21 IA Assurance Mapping Exercise:

Source	Assurance
Key Finance	
AGS / R005	<ul style="list-style-type: none"> • The current Medium Term Financial Strategy is that of 2018/2019 Onwards, but has now been amended to reflect the 2021/2022 revenue settlement (Council 5/3/21) • MTFS outlines plan to meet future financial and budgetary challenges • Quarterly capital reporting to Cabinet • Treasury Management Strategy 2020/21 (Cabinet 16/3/21) • ISA260 2019/20 (GAC 10/9/20)
Governance	
AGS	<ul style="list-style-type: none"> • Covid-19 Governance Structure introduced by the Council, to include temporary delegated powers for the Council's Chief Executive and Leadership Group through use of Urgent Decisions and for decisions relating to the Council's COVID-19 response, in accordance with Council's Constitution • Record of Urgent Decisions, for urgent decisions made by the Covid-19 Leadership Group ('Gold Command') published on the Council's Website • The Urgent Decision of the leader is reviewed every 3 months • Council compliance with The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020, which allow for remote access for meetings and public access/publishing of documents requirements • The Corporate Strategy 2017-2022 identifies and explains how the Council intends delivering its main strategic priorities • Audit Wales - Audit of Ceredigion County Council's 2020-21 Improvement Plan • Governance Framework monitored and reviewed regularly (GAC 24/2/21) • Council making preparations to comply with Local Government and Elections (Wales) Act 2021 • Dialogue with Public Services Ombudsman for Wales ('PSOW'), and other regulators including Estyn, CIW, ICO and IPCO

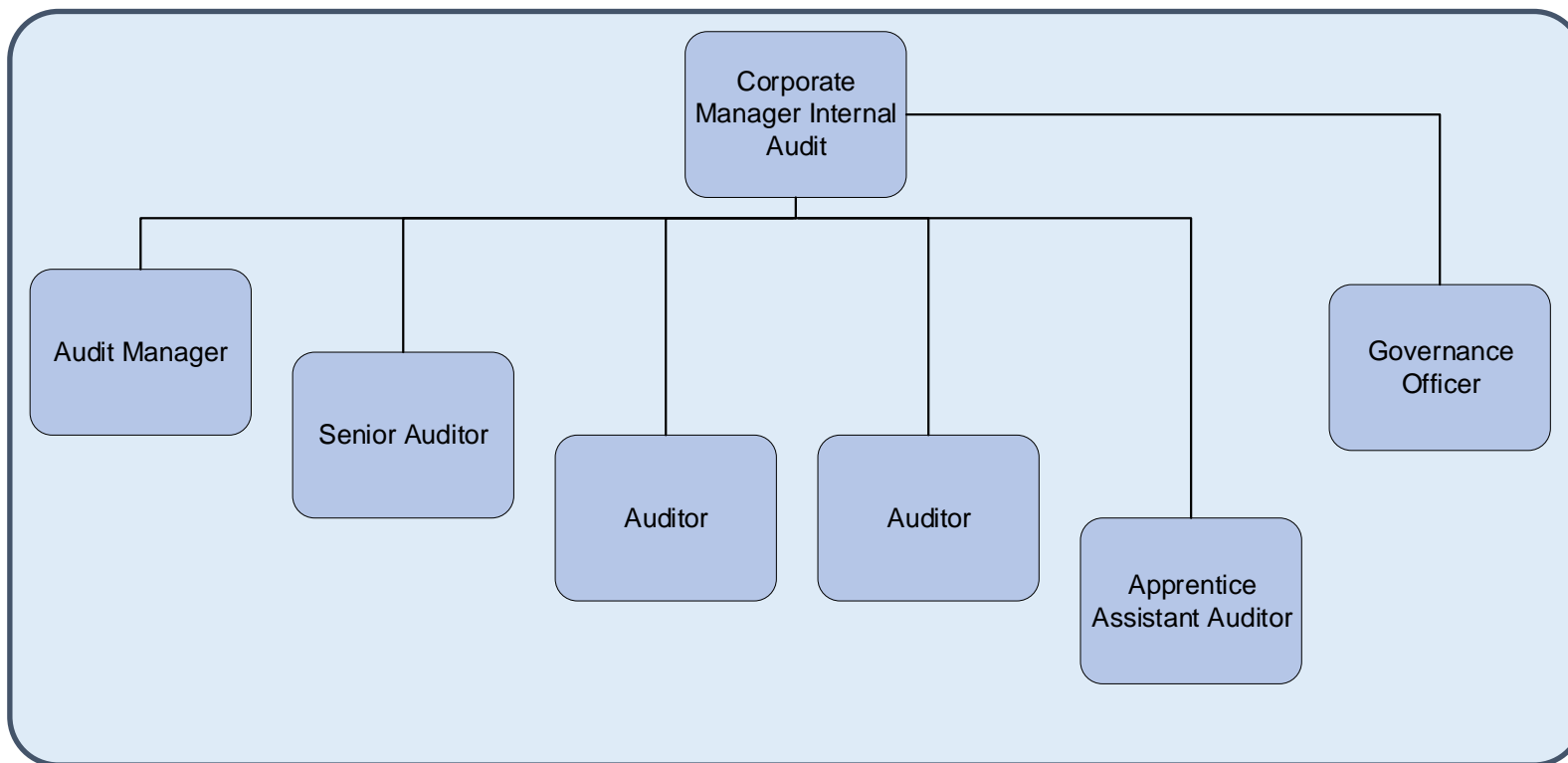
Source	Assurance
	<ul style="list-style-type: none"> • AW Protocol in place (to deal with AW correspondence & ensure all management response forms completed & monitored)
R003	<ul style="list-style-type: none"> • Business / service adjustment plans have continued to be updated • Business planning for 2020/21 in place (LG); supported by presentation at CM workshop 26/2/21
Cerinet	<ul style="list-style-type: none"> • Staff Appraisals for 2021/22 in progress (deadline 1/6/21)
Risk	
AGS	<ul style="list-style-type: none"> • Report to Cabinet 24/09/2019 provided on Corporate Risk Management Framework Review (including Risk Management Policy) with the Policy and Framework being approved, with roll out of training programme for Members, Senior Management and Managers, and the new Risk Management Policy and Strategy underpinned by the Risk Management Framework published on CeriNet and available to all Members of Staff. Documents amended to reflect additional risks and background information to make informed decisions • Risk Register standard item on Governance & Audit Committee Agenda
R004 / Emergency Planning & Business Continuity Management Group	<ul style="list-style-type: none"> • Emergency Response Plan with Gold Command supported by Silver Command groups in place to deal with pandemic • New eLearning module for Emergency Rest Centres launched; supported by presentation at CM workshop 26/2/21 • Meeting of Emergency Business Continuity Management Group held 26/4/21 • Emergency Rest Centre Procedures Pack made available to staff • Volunteers recruited and trained to run emergency rest centres
RO15	<ul style="list-style-type: none"> • Council website provides information regarding food hygiene & safety; and guidance for food businesses
RO16 / Brexit sub-group	<ul style="list-style-type: none"> • Brexit impact assessment compiled & regularly updated • Internal Brexit sub-group meet regularly • Officer attends Local Government EU Preparedness Advisory Panel • Reports / documents circulated to sub-group members & stored on 'Teams'

Source	Assurance
WBFG	
AGS	<ul style="list-style-type: none"> Well-Being Objectives for 2020-2021 have been reviewed to ensure they meet the Corporate Strategy Mandatory E-learning training module on the Well-Being of Future Generations Act 2015 ('WFGA') must be completed by all Staff Well-being & Improvement Objectives Annual Report 2019-20 (GAC 12/11/20)
RO12	<ul style="list-style-type: none"> Carbon Management Annual Report due to be reported to Thriving Communities Scrutiny in May (fwd work programme)
RO13	<ul style="list-style-type: none"> Council website provides information about watercourse maintenance including rights and responsibilities, and links to useful websites Council website provides information regarding sustainable drainage approval (audit in progress)
Scrutiny	<ul style="list-style-type: none"> Strategic Equality Plan (SEP) Monitoring Report 2019-20 (20/1/21) Arrangements commenced re Socio-Economic Duty (SED) (21/1/21) Development of Carers' Policy (13/5/21)
DP / GDPR	
AGS	<ul style="list-style-type: none"> Council Privacy Notice on website Retention Schedule published on intranet
R009	<ul style="list-style-type: none"> Data Protection / GDPR Policy; Information Security Policy; Information and Records Management Policy approved by Cabinet 19/2/19
Information Governance Team	<ul style="list-style-type: none"> Team meet on a monthly basis Undertake an annual review of Data Privacy Notices In process of planning a data audit to identify associated risks Retention schedule to be more bespoke to Council DPO attends North Wales Governance Group to share best practice
New projects	
CPMP	<ul style="list-style-type: none"> Opportunity for officers from all applicable services to review new project proposals
Other services	
	<ul style="list-style-type: none"> Schools – WG National Categorisation System

Source	Assurance
	<ul style="list-style-type: none"> Schools – Estyn inspection grades / assurances Schools – Support for the Schools Service during lockdown and beyond (Scrutiny 7/10/20) Complaints – Public Services Ombudsman for Wales Annual letter 2019/20 (Cabinet 6/10/20) Registration Service – Stock and Security Audit by GRO
	<ul style="list-style-type: none"> Economy & Regeneration – Boosting Ceredigion’s Economy A Strategy for Action 2021-35 Economy & Regeneration – Asset Valuations standard item on GAC Agenda
Safeguarding	
R006	<ul style="list-style-type: none"> Managers appointed to Through Age & Well-being Programme; supported by features on Cerinet Through Age & Well-being training available virtually
RO17	<ul style="list-style-type: none"> Mandatory Safeguarding e-learning module for all staff Additional mandatory training for relevant staff CYSUR/CWMPAS Combined Local Operational Group Safeguarding Reports presented to Overview and Scrutiny Coordinating Committee
Cabinet / Scrutiny	<ul style="list-style-type: none"> Cysur/Cwmpas Safeguarding Reports quarterly Independent Reviewing Service Reports quarterly Care Inspectorate Wales Annual Inspection Letter 2019/20 (Cabinet 1/12/20)
Counter Fraud / Ethics	
AGS	<ul style="list-style-type: none"> MO advised Chief Officers on need to declare close personal associations with other Officers or Members MO updating Code of Conduct for Officers MO sent email message to Officers on 29.10.2020 reminding Officers of requirements of declarations and Hospitality and Interests MO email message regarding declarations of interest for enhanced Covid-19 lockdown grants Dispensation forms updated Standards Conference 2018 jointly hosted by Powys & Ceredigion County Council Register of Contracts published on Council Website Council Recruitment Policy and DBS Policy

Source	Assurance
	<ul style="list-style-type: none"> • Council has developed a Modern Slavery Policy (sent to contractors of the Council), Anti-Slavery Annual Statement 2019- 2020 and Code of Practice Ethical Employment in Supply Chains • Engagement and Equalities post has been created • Annual Strategic Equality Plan issued • Mandatory E-learning training module on Welsh Language Awareness must be completed by all Staff • Consultations are published on Corporate section of Council Website
ICT	
AGS	<ul style="list-style-type: none"> • Mandatory E-learning training module on Information Security must be completed by all Staff • Mandatory E-learning training module on Data Protection must be completed by all Staff
R009	<ul style="list-style-type: none"> • Data Protection / GDPR Policy; Information Security Policy; Information and Records Management Policy approved by Cabinet 19/2/19
Scrutiny	<ul style="list-style-type: none"> • Monitoring of ICT & Customer Services during pandemic (25/11/20)

Internal Audit Structure wef 1 November 2020



IA Improvement Plan 2020/21

Ref	Standard, Action Proposed & Timescale	Action to Date (Q4)
Std 2050	<p>6.1.15 The CAE may also carry out an assurance mapping exercise, or make use of assurance mapping carried out by other assurance providers.</p> <p>The current assurance map will be updated during 2020/21.</p> <p>31 March 2021</p>	<p>Assurance map in place.</p> <p>Updated and co-ordinated by the Apprentice Assistant Auditor. Summary of assurances included in CMIA Annual Report 2020/21.</p>
Std 2420	<p>6.5.8 Are internal audit communications generally accurate, objective, clear, concise, constructive, complete and timely?</p> <p>It is aimed to issue reports within 10 days of the end of the audit field work in respect of ALL audits.</p> <p>PI will continue to be monitored.</p> <p>31 March 2021</p>	<p>This hasn't been applicable to all work / possible during the pandemic; although IA have been timely in reacting to risks introduced during this period.</p> <p>PI was monitored throughout the year. Some reports have exceeded the 10 days, mainly due to the CMIA & AM spending more time on staff development.</p>
Std 2500	<p>6.6.1 Where issues have arisen during the follow-up process has the CAE considered revising the internal audit opinion?</p> <p>The follow-up audits due will be carried forward to 2020/21.</p> <p>31 March 2021</p>	<p>Follow-ups included in 2020/21 Audit Plan.</p> <p>Some progress made – but majority will be carried-forward due to pandemic. These have been recorded in a spreadsheet and addressed once staff have started returning to offices, etc.</p>
AR	<p>The Pentana Audit (MKI) audit management software was used for all planned audits during 2019/20.</p> <p>Pentana Audit (MKI) will be developed to export electronic Audit Reports direct from IA working papers.</p> <p>31 March 2021</p>	<p>Audit Report Template now working.</p> <p>Developments in hand, but system not as useful when working reactively. The system will be evaluated once IA resumes usual duties. In meantime, Pentana (MKI) will be used where possible, but reactive work will continue to be conducted & recorded using shared electronic folders.</p>

IA Conformance with Standards 2020/21

Conformance with the Standards	Conformance 2019/20			Total
	Y	P	N	
1. Mission of Internal Audit	1			1
2. Definition of Internal Audit	2			2
3. Core Principles	10			10
4. Code of Ethics	5			5
5. Attribute Standards				
1000 Purpose, Authority and Responsibility	4			4
1100 Independence & Objectivity	21			21
1200 Proficiency and Due Professional Care	10			10
1300 Quality Assurance and Improvement	14	1		15
6. Performance Standards				
2000 Managing the Internal Audit Activity	15	2		17
2100 Nature of Work	10			10
2200 Engagement Planning	12			12
2300 Performing the Engagement	7			7
2400 Communicating Results	18			18
2500 Monitoring Progress	1	1		2
2600 Communicating the Acceptance of Risks	1			1
Total	231 98%	4 2%	0 -	235 100%

IA Improvement Plan 2021/22

Ref	Conformance with Standard	Action Required	Target Date
Std 1311	5.4.5 Does ongoing performance monitoring include obtaining stakeholder feedback? No QCQs issued during pandemic.	Once Audit Plan in place, QCQs to be issued to auditees.	During 2021/22
2010	6.1.1 Has the CAE determined the priorities of the internal audit activity in a risk-based plan? Currently audits / reviews undertaken on an on-going risk assessed basis. No set operational Audit Plan in place.	Produce risk-based audit plan in accordance with services' road plans.	During 2021/22
2050	6.1.15 Using other sources of assurance. Assurance mapping system in place – needs updating on a regular basis.	Assurance mapping system to be updated and monitored at weekly Team meetings.	Throughout 2021/22
2500	6.6.1 Where issues have arisen during the follow-up process has the CAE considered revising the internal audit opinion? Due to the pandemic, no follow-ups were conducted in 2020/21.	The follow-up audits due will be carried forward to 2021/22.	31 March 22
AR	Pentana (MKI) system not found as useful when working reactively. Pentana (MKI) will be used where possible, but reactive work will continue to be conducted & recorded using shared electronic folders.	The system will be evaluated once IA resumes usual duties.	31 March 22