

CEREDIGION COUNTY COUNCIL

Report to:	Governance and Audit Committee
Date of meeting:	6 June 2022
Title:	Internal Audit Annual Report 2021/22
Purpose of the report:	To provide an annual internal audit opinion of assurance to Members of the Committee
Cabinet Portfolio and Cabinet Member:	Councillor Matthew Vaux, Cabinet Member for Legal and Governance, Housing, People and Organisation and Public Protection

The Committee considered the annual Internal Audit Plan 2021/22 at its meeting in February 2021. 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 2022 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 2021/22**

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

Reporting Officer: Alex Jenkins
Corporate Manager - Internal Audit

Date: 6 May 2022

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 2021/22**

**Annual Report of the Corporate Manager - Internal Audit
on the Activity of Internal Audit during 2021/22**

Report Prepared by: Alex Jenkins, CMIA

Date of Issue: 6 May 2022

Presented to Governance & Audit Committee:
6 June 2022

Adroddiad Blynyddol y Rheolwr Corfforaethol - Archwilio Mewnol ar Waith yr Uned Archwilio Mewnol am 2021/22

Annual Report of the Corporate Manager - Internal Audit on the Activity of Internal Audit during 2021/22

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 2022. 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 January 2022. 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 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 2021/22 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 February 2021.
- 2.3 The initial 2021/22 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 2021/22 (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 31/3/2022:

Status of Audit	Number
Final Report / Response Presented to Service	26
On-going items of work eg NFI	33
Draft Report Produced – Awaiting Exit Meeting	1
Working Papers and Report Awaiting Review	11
Audits in progress / cfwd to 2020/21	11
CFwd, on-hold or no longer required	13

2.5 A copy of the 2021/22 IA Operational Plan, as presented to the Committee in February 2021 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 2021/22 operational plan (ie planned work)

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

Table 3: On-going work

Table 1 – 2021/22 Planned Audits Completed

Audit Area	Type of Audit	Assurance
Key Controls		
<p>Housing Benefits Scope: Key financial risk area. Completed every 3-years. The review considers the arrangements for processing housing benefit applications: business continuity arrangements, compliance with National Verification Framework, fraud awareness, speed of processing, system parameter files, system data, exception reporting, reconciliation to feeder systems, independent verification of sample calculations, security of ICT system.</p>	Key Controls	Substantial
Governance		
<p>AGS Framework review - 2021/22 Scope: the review considers the effectiveness of the Governance Framework process.</p>	Governance	High

Audit Area	Type of Audit	Assurance
Wellbeing of Future Generations / Equalities		
Embedding of Wellbeing & Future Generations Act Scope: WFGA review which considers the arrangements in place for ensuring services have regard for corporate objectives in their plans, and that satisfactory procedures are in place to ensure WFGA requirements are considered in decision-making.	Compliance	High
GDPR		
GDPR in Schools Scope: GDPR. All schools processing personal data must pay a fee to the Information Commissioner's Office. The review consists of a periodic 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.	Compliance	Substantial
GDPR in Schools Scope: 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/DP	Substantial
Grants		
Education Improvement Grant (EIG) - 2020/21 End of Year Scope: Grant audit. Completing an 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 the Year-end Claim Form to confirm the funding provided by the grantor in 2020/21 has been duly allocated to the purposes of the grant, in line with the grant terms and conditions of funding and in line with the Council's compliance and audit requirements.	Grant	High

Audit Area	Type of Audit	Assurance
<p>PDG - 2020/21 final EOY audit</p> <p>Scope: Grant audit. Completing an 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 the Year-end Claim Form to confirm the funding provided by the grantor in 2020/21 has been duly allocated to the purposes of the grant, in line with the grant terms and conditions of funding and in line with the Council's compliance and audit requirements.</p>	Grant	High
<p>Other Services and Systems</p>		
<p>Change Floats & Petty Cash Imprests</p> <p>Scope: A review of the year-end procedures re the reconciliation of actual imprests issued to services, against the record held on the Council's financial ledger; to include a scrutiny of the declarations provided by services re 2019/20 and 2020/21.</p>	System	Moderate
<p>Harbours Account</p> <p>Scope: Account audit. The Council must prepare annual accounts following proper practices as set out in the One Voice Wales/Society of Local Council Clerks publication, Governance and Accountability for Local Councils in Wales – A Practitioners' Guide. The 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. The audit is in respect of the 2020/21 account.</p>	Account	High
<p>HR – Just Giving</p> <p>Scope: Request from HR to oversee & audit the collection procedures re donation to be paid to foodbanks by staff.</p>	System	High

Audit Area	Type of Audit	Assurance
Counter Fraud		
Mandate Fraud Guidance Scope: Service operational guidance is currently being reviewed & updated to ensure it remains up to date & relevant. IA input requested.	Advisory / Counter Fraud	N/A*
Counter Fraud Strategy Scope: Three-yearly review due 2021. Updated Strategy co-ordinated by IA; endorsed by GAC 3/6/21 & presented to Council 17/6/21 for final approval. Updated Strategy now on website.	Advisory / Counter Fraud	N/A*
Additional Reviews / Consultations		
Audit Wales MRF - NFI 2018-21 Scope: Complete, monitor & update AW Management Response Form re NFI.	Assurance	High
General Powers of Competence Regulations Scope: IA input to consultation.	Advisory	N/A

Table 2 – 2020/21 Unplanned Audits Completed

Audit Area	Type of Audit	Assurance
Governance		
<p>Emergency Rest Room Boxes</p> <p>Scope: IA input into service audit of emergency rest room boxes, to ensure security of boxes placed in specified locations.</p>	System	Substantial
Other Services and Systems		
<p>Harbours</p> <p>Scope: Testing undertaken to support Harbours account, as stipulated by AW form: appropriate books of account maintained, financial regulations met, risks assessed, adequate budgetary process, expected income fully received, salaries and deductions properly applied, asset and investment registers maintained, accounting statements properly prepared.</p>	System	Substantial
<p>Lampeter Wellbeing Centre</p> <p>Scope: New service provision at Lampeter Wellbeing Centre (previously Leisure Centre). Advice requested re controls & security of cash taking procedures at reception area.</p>	Advisory / Counter Fraud	N/A*
<p>Harbours</p> <p>Scope: Testing undertaken to support Harbours account, as stipulated by Audit Wales form. Initially provided to Finance & Procurement in Quarter 1 to support Harbour Account work. Draft also prepared for Environmental Health who administer Harbours on a day to day basis, in order to address actions required stemming from the account sampling.</p>	System	Substantial

Audit Area	Type of Audit	Assurance
Other Services and Systems		
Estates Scope: An investigation to discover reason for breakdown in communication between the Estates service and Audit Wales during the external audit of the Council's accounts; as requested by GAC.	System	High
Coroners Scope: Summary of previous VFM audit reports.	VFM	Moderate
Coroners – Follow-on Report Scope: Follow-on to the report dated 23/6/21 which was presented as an exempt paper to GAC on 9/9/21. Additional information provided, as requested, for comparison purposes.	Advisory	N/A
Coroners – Comparisons of fees Scope: Comparison as requested by GAC.	Follow-on	N/A
Additional Reviews / Consultations		
Lampeter Library / Cash Office Scope: Advice requested re security of cash issue.	Advisory / Counter Fraud	N/A*
Income Banking Procedures Scope: Providing advice on new banking procedures for income collected at CCC locations.	Advisory	N/A

Audit Area	Type of Audit	Assurance
<p>Procurement – purchasing procedures</p> <p>Scope: Advice given regarding procedures on receipting deliveries made to staff members' homes eg stationery etc.</p>	Advisory	N/A
<p>Plascrug Leisure Centre – Stock</p> <p>Scope: Advice provided regarding removing vending machines from LC and putting procedures and controls in place for selling stock over the counter.</p>	Advisory	N/A

Table 3 – On-going work

- Covid-19 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 2021/22 have been carried-forward to 2022/23.
- 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	8
Substantial	6
Moderate	2
Limited	0
N/A	10
Total	26

- 2.9 The criteria used to assess each level of assurance are outlined in Appendix 3.
- 2.10 During 2021/22 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 2021/22, 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 was reported to the Governance & Audit Committee on 3 June 2021. 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 IA undertook an audit of the Council's compliance with the Well-Being of Future Generations Act 2015 during 2020/21, and how it has been embedded within services. This report was finalised in the second 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 has been completed. A workshop was arranged on 28 May 2021 to address the second action in providing training to staff on the subject. A follow-up audit of Ethics was undertaken in 2021/22 and is currently awaiting review.
- 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 All staff from the Internal Audit service attended a meeting with the Councils Data Protection Officer regarding the General Data Protection Regulations (GDPR) and Information Security to obtain assurances on procedures in place. 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 AM has 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 2021/22, but this will be addressed in 2022/23 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 2021/22. 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 2021/22

3.1 A total of 23 ‘actions required’ have been issued in the final reports distributed during 2021/22, 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	2	17	4	23

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 previous Corporate Manager – Internal Audit (CMIA) retired on 31 December 2021 with the previous Senior Auditor commencing as CMIA from 01 January 2022. The previous Apprentice Assistant Auditor was appointed Senior Auditor from 1 January 2022. The IA structure is proposed to change in 2022/23 as a business case for a Governance & Audit Assistant has been submit for approval, this role will be in lieu of the Apprentice Assistant Auditor and will provide support to both the IA service and the Governance Officer.
- 4.2 All members of staff have received IA induction as well as corporate induction training including mandatory e-learning modules.
- 4.3 During the year a total of 865 days of audit activity were undertaken (equating to approx 102% of required days).
- 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 have been made during the year to enable the issue of service Audit Reports from the Pentana (MKI) audit management software system, as noted in the previous IA Improvement Plan for 2021/22. IA's use of the Pentana software has been evaluated, and training has been arranged for all IA & Governance staff to set up and use all functions of Pentana. In the meantime, shared electronic folders will be used to record all reactive work completed.

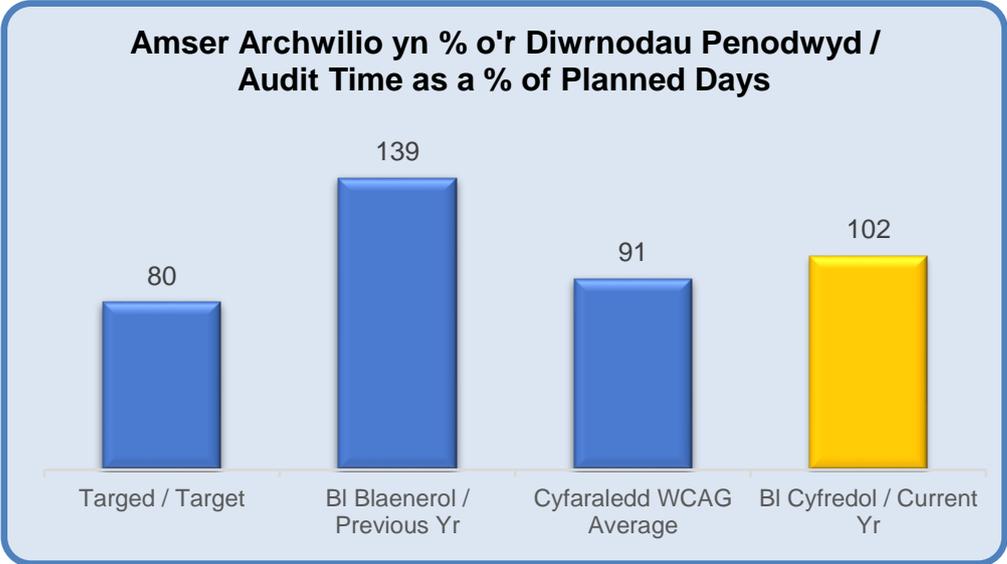
5 AUDIT PERFORMANCE

- 5.1 An annual self-assessment has been undertaken by the CMIA using CIPFA's checklist to assess IA's compliance with the Standards and LG Application Note, this will be reported to GAC in September 2022. The summary of results from the 2020/21 self- has been attached in Appendix 6 of this report. (An evaluation of the Pentana (MKI) system has been carried forward to this item in the plan from 2020/21).
- 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 is currently in progress and is being undertaken by Ynys Môn's Head of Audit. (The CMIA will undertake Denbighshire's assessment in February 2023).
- 5.3 The 2021/22 self-assessment and the resulting improvement plan will be reported along with the report from the external review.
- 5.4 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.
- 5.5 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 been updated for 2022/23).
 - 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. Two 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 2022/23).

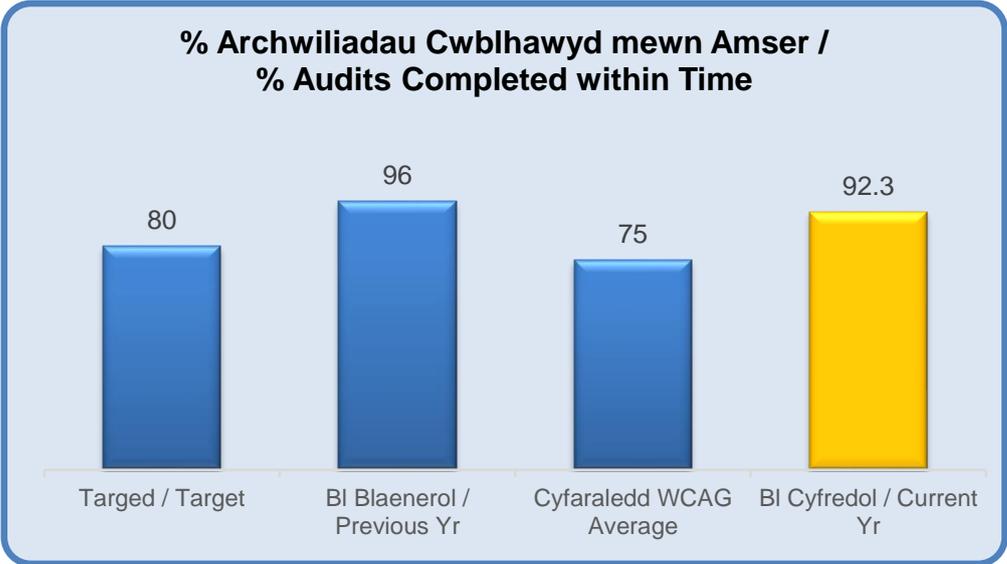
- Periodic reviews are undertaken, to assess the service achievements to date against the set strategy, at which time any necessary resultant actions are identified and implemented.
- The IA Business Plan feeds in to the Service Plans. These include high level actions for ensuring performance, development 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	2021/22
Number of audits completed	Number	-	26
Percent of planned time spent on audits	%	80	102
Percentage of QCQs returned	%	50	-
Percentage of clients responses at least ‘satisfied’	%	95	-
Percentage of actions accepted versus made	%	95	96
Percentage of audits completed within planned time	%	80	92.3
Av no of days from end of audit to issue of draft report	Days	10	7.9
Av no of days from exit meeting to final report	Days	5	0

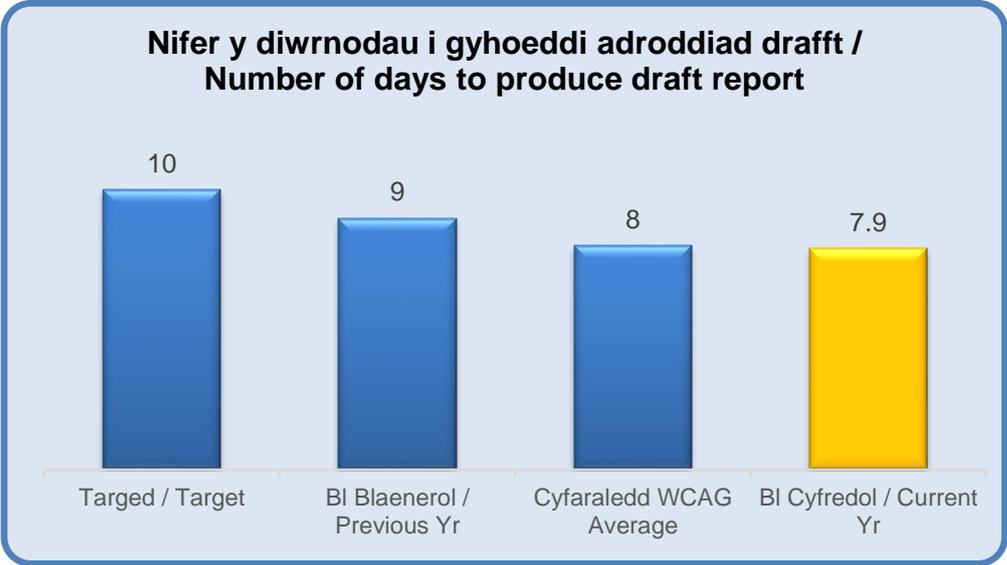
- 5.6 During 2021/22 26 reviews were completed. No quality control questionnaires were sent out, but a number of favourable comments were received and 96% of recommendations were accepted.
- 5.7 The percentage time spent on audits exceeded the set target of 80%, the reduction from the previous year's percentage was due to there being an additional member of staff in the structure to the allocated days in the plan:



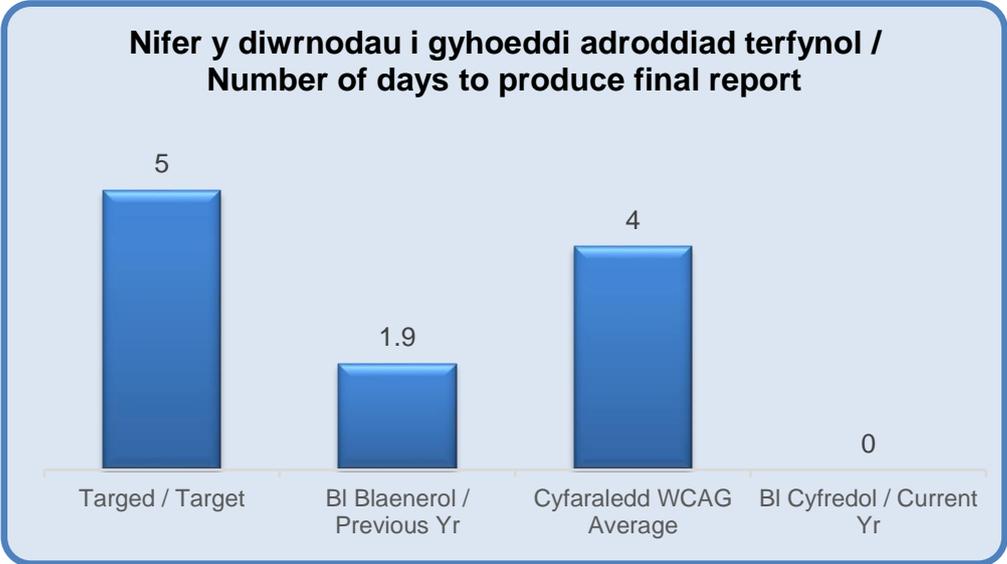
- 5.8 There was a slight decrease from last year in the percentage audits completed within the planned time, which also exceeded the set target of 80%:



5.9 The average number of days between the end of the audit field-work and the issue of a draft report was less than last year and within the target number of 10 days (this is partly attributed to grant / advisory reviews which are turned around quickly):



5.10 Following on from the above, there remains a 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:



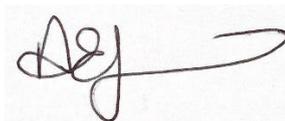
6 CONCLUSION AND OVERALL OPINION

- 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 continue working in a more 'reactive' method during 2021/22, 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 2022/23 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 2022, 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.**

AEJ/Aud145
6 May 2022



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 2021/22

Audit Plan 2021/22	
Audit Area	Scope / Notes
Changes due to Pandemic	
Risk assessed reactive work due to pandemic	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, etc bfwd	Scope: Business Rates Grants – checking a sample applications prior to payment; validating information and documentation; other testing as appropriate; sitting on queries / appeals panel. <i>The majority of this work completed 2020/21, but a few applications with queries still awaiting decisions.</i>
- Covid Grants - 2021	Scope: 2021 Grants – checking a sample applications prior to payment; validating information and documentation; other testing as appropriate; sitting on queries / appeals panel.
- Business Grants 2022	Scope; 2022 Grants – checking a sample applications prior to payment; validating information and documentation; other testing as appropriate; sitting on queries / appeals panel.
- Discretionary Grants 2022	Scope; 2022 Grants – checking a sample applications prior to payment; validating information and documentation; other testing as appropriate; sitting on queries / appeals panel.
- Tenancy Hardship Grant - Aug 2021	Scope: Similar to 2021 Grants ie checking a sample applications prior to payment; validating information and documentation; other testing as appropriate; sitting on queries / appeals panel.
- Registration Service - income collection	Scope: Registration Service – independent verification of payments received and banked during office closure. <i>To be undertaken once staff return to offices.</i>
- Free School Meals	Scope: Free School Meals – check sample of allowances paid (voucher & cash); plus claim made to WG. <i>Initial testing completed - awaiting further review by AM/CMIA.</i>
- Personal Protection Equipment (PPE)	Scope: Independent check of stock levels transferred during transition from stock-taking spreadsheets to computerised system.
Housing Support Grant - Steering Group	Scope: A member of IA staff attends the group tasked with ensuring satisfactory arrangements are in place for Governance with regards to the Housing Support Grant 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.

Economic Adjustment - Silver Command	Scope: 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.
Key Control Audits:	
Main Accounting System	Scope: 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.
Council Tax	Scope: Key financial risk area. Completed every 3-years. The review considers the arrangements for processing council tax payments: separation between creating and collecting a debit; methods of payment; reconciliation of debit to valuation list; promptness of processing amendments; daily postings to accounts; unidentified items posted to suspense; missed payments; monitoring of collection rates; payments reconciled to ledger; security of system. Audit testing complete, draft report produced and awaiting quality review by AM/CMIA.
Treasury Management	Scope: Key financial risk area. Completed every 3-years. The review considers the arrangements for both investments and loans: monitoring registers, reconciliation with MAS, compliance with policy, authorisation, separation of duties and contingency plans. It does NOT include the ICT system. Draft report issued to service.
Housing Benefits	Scope: Key financial risk area. Completed every 3-years. The review considers the arrangements for processing housing benefit applications: business continuity arrangements, compliance with National Verification Framework, fraud awareness, speed of processing, system parameter files, system data, exception reporting, reconciliation to feeder systems, independent verification of sample calculations, security of IT system.
Housing Benefit - Quality Review 2021-22	Scope: Quality assurance. Completed annually (normally as part of key control audit). Complete run-through of sample of HBen claims to ensure completeness & accuracy, as required by Ombudsman report following a client complaint in 2014/15.

National Non-Domestic Rates	Scope: Key financial risk area. Completed every 3-years. The review considers the arrangements for processing NNDR payments: separation between creating and collecting a debit; methods of payment; reconciliation of debit to valuation list; promptness of processing amendments; daily postings to accounts; unidentified items posted to suspense; missed payments; monitoring of collection rates; payments reconciled to ledger; security of system. It does NOT include the ICT system. Audit testing complete, draft report produced and currently being reviewed.
Creditors	Scope: Key financial risk area. Normally completed every 3-years. The review considers the arrangements for: authorising and paying costs incurred by the Council and the controls over the payment process. The scope does NOT include consideration of the nature of the expenditure or whether VFM was achieved. Added to this year to ensure key controls still in place whilst working from home. Audit testing complete, draft report produced and currently being reviewed.
Sundry Debtors	Scope: Key financial risk area. Normally 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. Added to this year to ensure key controls still in place whilst working from home. Audit testing complete, draft report produced and awaiting quality review by AM/CMIA.
Payroll	Scope: Key financial risk area. Completed every 3-years. The review considers the arrangements for processing payroll: separation between creating and amending job roles and staff details and processing payroll; security of system. It does NOT include the ICT system.
Follow-up of Recommended Actions 2018/19 onwards	Scope: Assurance that previous recommended actions made have been implemented where appropriate. Spreadsheet produced of all actions to be re-addressed which is updated regularly. To be addressed once staff return to offices.
Corporate Governance	
Annual Governance Statement	Scope: Governance Framework runs on a rolling review basis. Contribute to finalising 2020/21 AGS & 2021/22 procedures, as necessary, throughout the year.
AGS Framework Review 2021/22	Scope: Governance review which considers the effectiveness of the Governance Framework, especially in the areas specifically addressed in the AGS action plan.

Emergency Planning & Business Continuity Management Group	Scope: 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. Meets quarterly.
Emergency Rest Room Boxes	Scope: IA input into service audit of emergency rest room boxes, to ensure security of boxes placed in specified locations.
Business Continuity	Scope: Risk review which considers the arrangements in place re Business Continuity. Assurance assessed re procedures in place in Corporate and Service Business Continuity Plans.
Constitution review	Scope: Constitution is continuously reviewed & updated by Monitoring Officer & Governance Officer to ensure it is kept up to date & relevant. IA input provided when required. Assurance assessed re procedures in place.
Risk management & Corporate Risk Register:	
Risk Management	Scope: Risk Framework arrangements are monitored & reported periodically to GAC. IA contribute to RM & procedure, as necessary.
Risk Register: Check mitigating controls in place for risks	Scope: Risk management review which assesses the effectiveness of controls in place for ALL 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.
Brexit Group	Scope: A member of IA staff attends the group tasked to ensure awareness of any major changes in systems 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. Meets quarterly.
Brexit	Scope: Risk review which considers the arrangements in place re monitoring arrangements due to Brexit. Audit in progress.
Well-Being of Future Generations / Equalities	
Embedding of WFGA within Services	Scope: WFGA review which considers the arrangements in place for ensuring services have regard for corporate objectives in their plans, and that satisfactory procedures are in place to ensure WFGA requirements are considered in decision-making.

IIA Review & Assessment	Scope: WFGA review which considers the arrangements in place for preparing and submitting IIAs, and the consistency in approach and compilation.
New Socio-Econ requirements	Scope: WFGA review which considers the arrangements in place for preparing to comply with the new socio-econ requirements. Audit testing complete, draft report produced and awaiting quality review by AM/CMIA.
Welsh Standards	Scope: WFGA review which considers the arrangements in place for compliance with the Welsh Standards requirements.
General Data Protection Regulation / DP	
GDPR / DP Compliance (ICO Guidance)	Scope: 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. Further Audit testing being undertaken.
GDPR in schools	Scope: 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 in schools - follow-up	Scope: GDPR. Follow-up to above.
Information Governance Team	Scope: GDPR. The Information Governance Team meets monthly. A member of IA does not attend the meetings, but has a catch-up with the DPO periodically for assurance purposes.
Projects	
Corporate Project Management Panel	Scope: New projects. A member of IA staff attends the panel to ensure awareness of any major changes in systems, and to provide advice and guidance when required. Assurance assessed re procedures in place to ensure the Panel is adequately supported and achieves its objectives. Meets fortnightly.
Development Group	A member of IA staff attends the meetings to ensure awareness of any major changes in systems, 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. Meets quarterly.

Corporate Management	
Corporate Management Workshop	Scope: The CMIA attends the meetings to ensure awareness of any major changes in systems, 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. Meets quarterly.
Grants	
Post-16 Funding - 2020/21	Scope: Grant audit. Covering correspondence and evidence is collected and forwarded to WG to support the declarations made.
Education Improvement Grant - 2020/21 final End of Year audit	Scope: Grant audit. Completing an 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 the Year-end Claim Form to confirm the funding provided by the grantor in 2020/21 has been duly allocated to the purposes of the grant, in line with the grant terms and conditions of funding and in line with the Council's compliance and audit requirements. Planned for Q3.
Pupil Development Grant - 2020/21 final End of Year audit	Scope: Grant audit. Completing an 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 the Year-end Claim Form to confirm the funding provided by the grantor in 2020/21 has been duly allocated to the purposes of the grant, in line with the grant terms and conditions of funding and in line with the Council's compliance and audit requirements. Planned for Q3.
Other Services & Systems	
CLIC	Scope: An evaluation of the service provided - scope to be agreed. To be undertaken once staff return to offices.
Credit Cards	Scope: System audit. To concentrate on new system / cards issued. Documentation of systems; ascertain risks in system; and evaluate governance & controls required; test. Queries arose following quality review that need to be addresses once staff return to offices. Report issued 25/3/21 due to actions required. Assurance not provided until additional audit work undertaken.
Change Floats & Petty Cash imprests	Scope: A review of the year-end procedures re the reconciliation of actual imprests issued to services, against the record held on the Council's financial ledger; to include a scrutiny of the declarations provided by services re 2019/20 and 2020/21.
Change Floats & Petty Cash imprests	Scope: Follow-on to above. Assist in set-up of new system as per IA actions required.

Harbours account 2020/21	Scope: Account audit. 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 2020/21 account.
Harbours review (Finance)	Scope: Testing undertaken to support Harbours account, as stipulated by AW form: appropriate books of account maintained, financial regulations met, risks assessed, adequate budgetary process, expected income fully received, salaries and deductions properly applied, asset and investment registers maintained, accounting statements properly prepared.
Harbours review (ES)	Scope: Testing undertaken to support Harbours account, as stipulated by Audit Wales form. Initially provided to Finance & Procurement in Quarter 1 to support Harbour Account work. Draft also prepared for Environmental Health who administer Harbours on a day to day basis, in order to address actions required stemming from the account sampling.
VAT	Scope: Testing undertaken on calculation and coding of VAT payments to include creditor & debtor invoices and property transactions. To consider whether VAT guidance is in line with HMRC requirements. Check that VAT is calculated at correct rate and issued within basic tax point and VAT return is completed correctly and submitted promptly.
Lampeter Wellbeing Centre - Reception	Scope: New service provision at Lampeter Wellness Centre (previously Leisure Centre). Advice requested re controls & security of cash taking procedures at reception area.
Lampeter Wellbeing Centre	Scope: New service provision at Lampeter Wellness Centre (previously Leisure Centre). Further to request received re cash taking procedures at reception area (see above), service will involve IA re new systems to incl replacement for current booking system.
Ceredigion Sports Council	Scope: Honorary audit. Historically, IA prepares and audits the body's annual accounts in time for its AGM.
HR - JustGiving Collection	Scope: Request from HR to oversee & audit the collection procedures re donation to be paid to foodbanks by staff.

Waste	Scope: An evaluation of the procedures introduced for waste collection, as discussed with WAO. 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.
Sustainable Drainage Systems (SUDS)	Scope: Check arrangements Council currently has in place, to comply with requirements. Audit testing complete, draft report produced and awaiting quality review by AM/CMIA.
Environmental Audit	Scope: Check arrangements Council currently has in place, to comply with requirements. Audit testing complete, draft report produced and awaiting quality review by AM/CMIA.
Estates - Communication breakdown with AW	Scope: An investigation to discover reason for breakdown in communication between the Estates service and Audit Wales during the external audit of the Council's accounts; as requested by GAC.
Museum	Scope: System audit. To concentrate on new 'cash' & 'stock' services introduced to Museum ie café, shop & bar. (Document systems. Ascertain risks in system; and governance & controls required. Test) Queries arose following quality review which will be addressed once staff return to offices.
Houses to Homes - general	Empty property initiative. Request to review procedures. Scope to be agreed. To be undertaken once staff return to offices.
Coroners - Summary Report	Scope: Summary of previous VFM audit reports.
Coroners - Follow-on to above.	Scope: Follow-on to the report dated 23/6/21 which was presented as an exempt paper to GAC on 9/9/21. Additional information provided, as requested, for comparison purposes.
Coroners - New system	Scope: Introduction of new system to bring service in line with Council's Purchase Order / Payment system.
Coroners - Comparisons of fees to other LGA's	Scope: Governance & Audit Committee requested a comparison of Ceredigion Funeral Director fees against Funeral Director fees of other Welsh Local Authorities.
Safeguarding	

Section Safeguarding procedures	Scope: Assurance that all services have introduced an internal safeguarding policy for staff, which is periodically reviewed. To be undertaken once staff return to offices.
Corporate Safeguarding procedures	Scope: system audit, based on CIPFA's TISonline guidance. Some testing not undertaken due to pandemic. Audit testing complete, draft report produced and awaiting quality review by AM/CMIA.
Direct Payments	Scope: Ensure controls in new payments system from April 2021.
Counter Fraud (incl NFI)	
National Fraud Initiative	Scope: 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.
Counter Fraud Strategy	Scope: Three-yearly review due 2021. Updated Strategy co-ordinated by IA; endorsed by GAC 3/6/21 & presented to Council 17/6/21 for final approval. Updated Strategy now on website.
Code, Ethics & Fraud Training eModule	Scope: Following successful presentation by Zurich to Managers Workshop 28/5/21 arrangements currently in progress with L&D to incorporate this info into an e-learning module for all staff.
Audit of Ethics	Scope: system audit, based on CIPFA's TISonline guidance. Some testing not undertaken due to pandemic. Audit testing complete, draft report produced and awaiting quality review by AM/CMIA.
Code of Conduct review	Scope: Code is currently being reviewed & updated by Monitoring Officer & Governance Officer to ensure it remains up to date & relevant. IA input provided when required. Assurance assessed re procedures in place.
Active Data	Data matching / analysing. 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, Hardship Grants, etc	Scope: Utilise ActiveData by checking Grant payment records against any identified suspicious records eg NAFN intel alerts.
Audit Scotland Paper	Scope: Questionnaire for managers regarding fraud, risk management etc. To be circulated once staff return to offices.
Mandate fraud	Scope: Provide assistance re incidents; ie when someone impersonates a third party such as a supplier and demands urgent payment eg creditor change of bank details. Need to be reported to National Cyber Security Centre.

Mandate fraud - Guidance	Scope: Service operational guidance is currently being reviewed & updated to ensure it remains up to date & relevant. IA input requested.
Procurement	Scope: Check a sample of new creditors to ensure they are genuine businesses.
Recruitment	Scope: Check a sample of new appointments to ensure all details required have been provided. To be undertaken once staff return to offices.
Payroll	Scope: Check a sample of new appointments to ensure person in post.
Travelling	Scope: Check a sample of travelling claims to ensure appropriate & correct mileage undertaken
Travelling errors / fraud - sample 2019/20	Check a sample of travelling claims to ensure appropriate & correct mileage undertaken
ICT Audit	
PCI Standard	Scope: Check compliance with the Standard's requirements. To be undertaken once staff return to offices.
Audit logs	Scope: 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	Scope: 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.
Cyber Resilience & Information Governance Group	Scope: A member of IA staff will attend 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. The Group will address and reduce cyber risk and improve the council's cyber security, information security and governance. Meets monthly.
North & Mid Wales Auditors - Fraud Group	Scope: North & Mid Wales Auditors - Fraud Group: A member of IA staff will attend the group tasked with sharing knowledge & skills re countering fraud to build resilience throughout LAs. Meets monthly.
LG & Elections (Wales) Act 2021	
LG & Elections (Wales) Act 2021	Scope: GAC Support. Assurance procedures in place to ensure Council has planned, prepared & made arrangements to comply with the new requirements.
Introduction of Corporate Joint Committees	Scope: Assurance procedures in place to ensure Council has planned, prepared & made arrangements to comply with the new requirements.

Self-assessment arrangements	Scope: GAC Support. Assurance procedures in place to ensure Council has planned, prepared & made arrangements to comply with the new requirements.
Consultancy / Advisory (Other)	
Governance & Audit Committee support	Scope: Support GAC as requested / required.
AW Protocol	Scope: GAC Support. Assurance procedures in place to ensure Council has planned, prepared & made arrangements to comply with the new protocol.
AW Management Response Form - NFI 2018-21	Scope: Complete, monitor & update AW Management Response Form re NFI.
AW Management Response Form - Tackling Fraud	Scope: Complete, monitor & update AW Management Response Form re Fraud arrangements.
General Powers of Competence Regulations	Scope: IA input to consultation. Further review dependant on outcome of consultation.
Income Banking Procedures	Providing advice on new banking procedures for income collected at CCC locations.
Additional Reviews / Queries / Contingency	
Lampeter Library/Cash Office	Scope: Advice requested re security of cash issue.
Procurement - purchasing procedures	Query from Procurement section re procedures on receipting deliveries made to staff members' homes eg stationery etc.
Plascrug Leisure Centre - vending	Query from Plascrug re removing vending machines from LC and selling stock over the counter
Childcare Scheme	Initial enquiries & research undertaken - scope to be determined
Emergency Welcome Centre	Scope: provide advice for governance arrangements and controls on Emergency Welcome Centre
Assurance	
Assurance Mapping	Assurance available from other sources

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 2021/22 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 2022/2023 revenue settlement (Council 3/3/22) • MTFS outlines plan to meet future financial and budgetary challenges • Quarterly capital reporting to Cabinet • Treasury Management Strategy 2022/23 (Cabinet 22/2/22) • ISA260 2020/21 (GAC 25/11/21)
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 expired on 31st August 2021. From 1st September 2021 Gold Command has been making operational decisions under the Civil Contingencies Act 2004. • 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 was reviewed every 3 months whilst in place. • 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 19/1/22) • 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

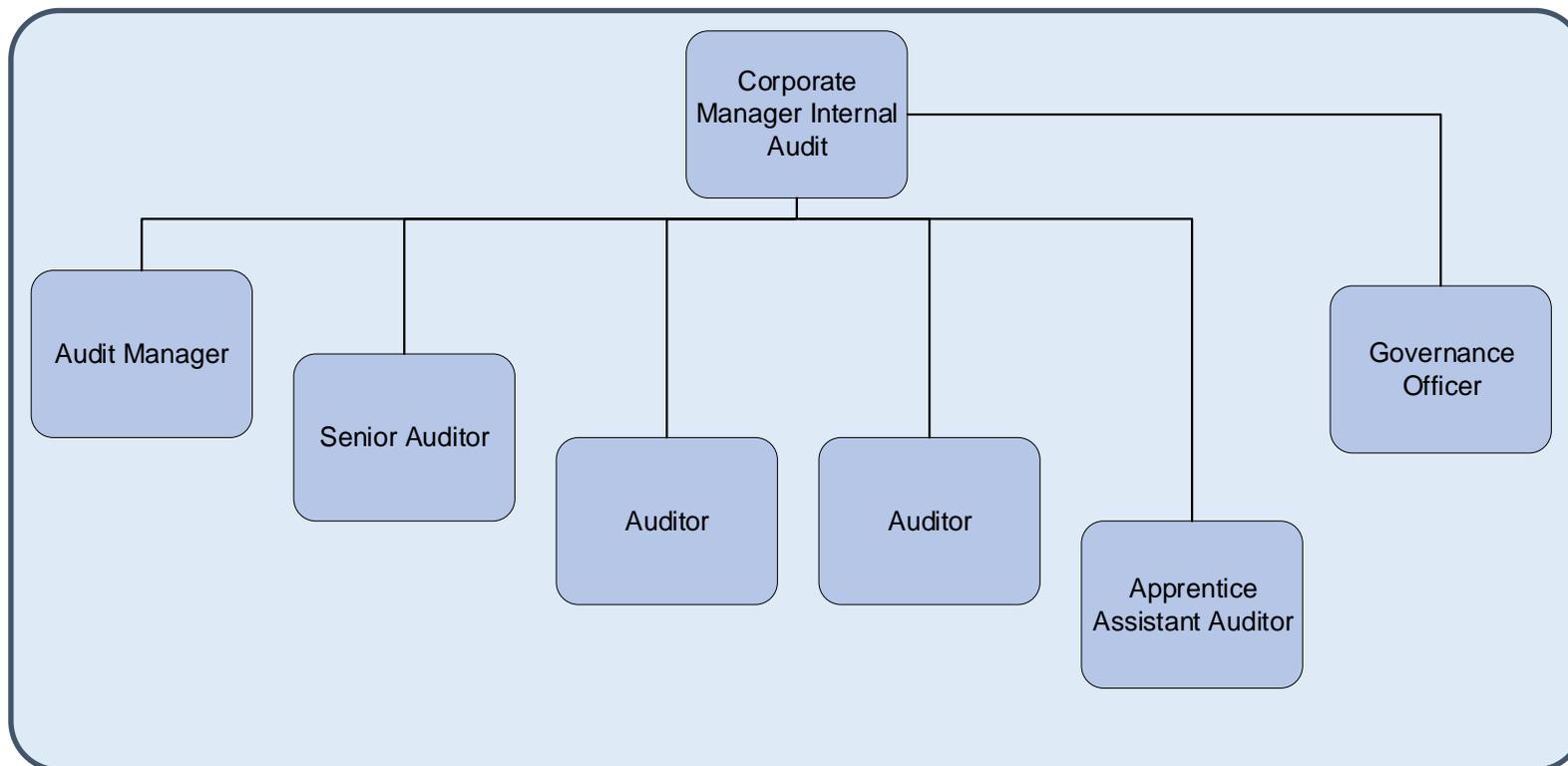
Source	Assurance
	<ul style="list-style-type: none"> • AW Protocol in place (to deal with AW correspondence & ensure all management response forms completed & monitored)
R003	<ul style="list-style-type: none"> • Business / service adjustment plans have continued to be updated • Business planning for 2021/22 in place (LG); supported by presentation in Corporate Workshop 4/3/22
Cerinet	<ul style="list-style-type: none"> • Staff Appraisals for 2022/23 in progress (deadline 1/6/22)
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 • eLearning module for Emergency Rest Centres in place; supported by presentation at CM workshop 26/2/21 • Meeting of Emergency Business Continuity Management Group to be held 23/5/22 • 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 met regularly. The last meeting was held on 7 February 2022. • 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 currently in review and being updated.
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 undertaking 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

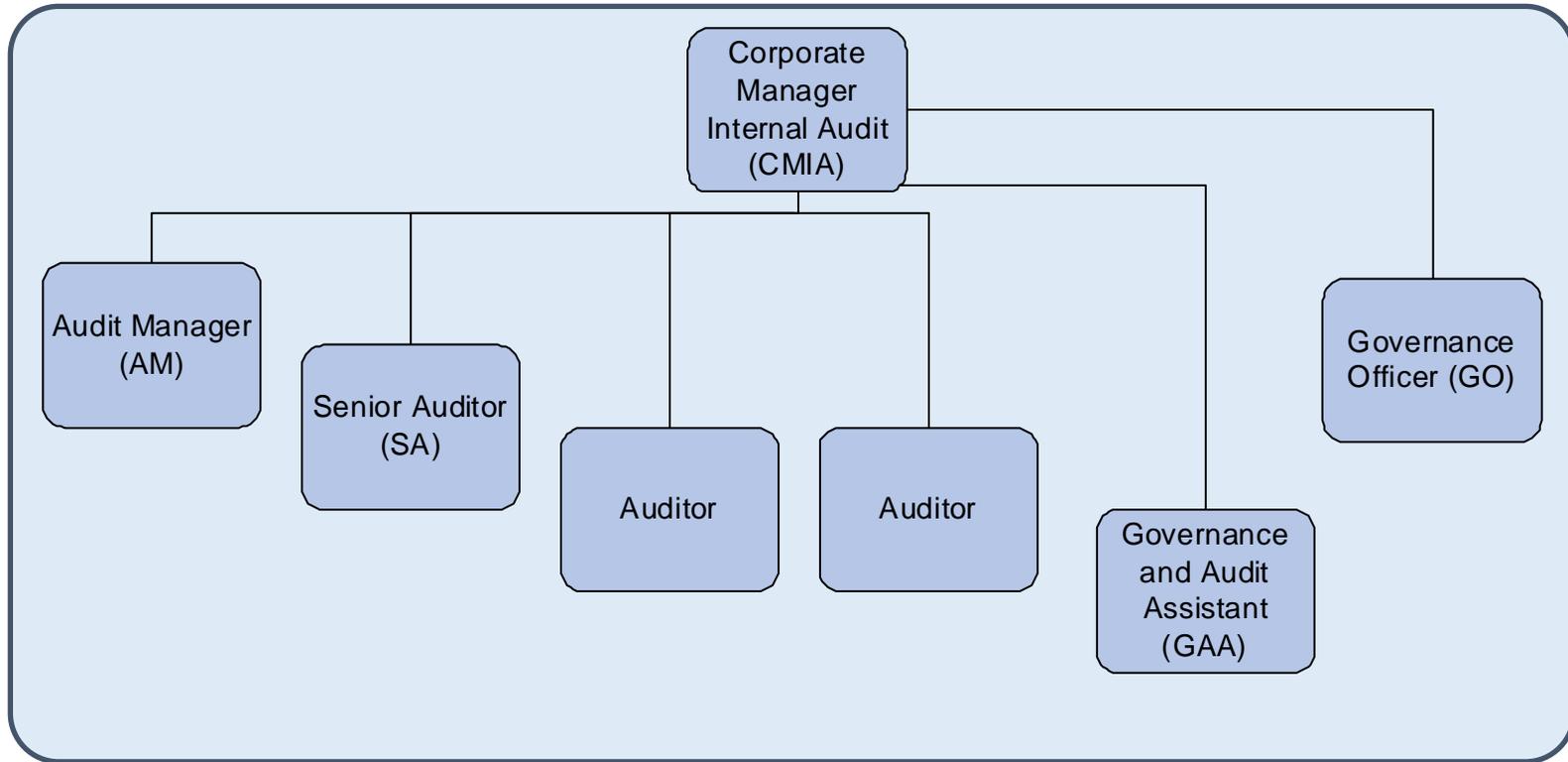
Source	Assurance
Other services	
	<ul style="list-style-type: none"> • Schools – WG National Categorisation System • Schools – Estyn inspection grades / assurances • Schools – Support for the Schools Service during lockdown and beyond (Scrutiny 7/10/20) • Complaints – Public Services Ombudsman for Wales 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 • Economy & Regeneration – Audit Wales – Review of the Planning Service GAC 17.1.22
Safeguarding	
R006	<ul style="list-style-type: none"> • Through Age & Well-being Programme restructure completed; 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 Assurance Check Letter 2021 (Cabinet 5/10/21)
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 3/3/2022 reminding Officers of requirements of declarations and Hospitality and Interests • MO email message regarding declarations of interest for enhanced Covid-19 lockdown grants

Source	Assurance
	<ul style="list-style-type: none"> • 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 • 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



Proposed Internal Audit Structure



IA Improvement Plan 2021/22

Ref	Standard, Action Proposed & Timescale	Action to Date (Q4)
Std 1311	<p>5.4.5 Does ongoing performance monitoring include obtaining stakeholder feedback?</p> <p>Once Audit Plan in place, QCQs to be issued to auditees.</p> <p>During 2021/22</p>	<p>No QCQs despatched in 2020/21 due to the pandemic.</p>
Std 2010	<p>6.1.1 Has the CAE determined the priorities of the internal audit activity in a risk-based plan?</p> <p>Produce risk-based audit plan in accordance with services' road plans.</p> <p>During 2021/22</p>	<p>Currently audits / reviews undertaken on an on-going risk assessed basis. No set operational Audit Plan in place.</p>
Std 2050	<p>6.1.15 Using other sources of assurance.</p> <p>Assurance mapping system to be updated and monitored at weekly Team meetings.</p> <p>Throughout 2021/22</p>	<p>Assurance mapping system in place – needs updating on a regular basis.</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 2021/22.</p> <p>31 March 2022</p>	<p>Due to the pandemic, no follow-ups were conducted in 2020/21. 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>

Ref	Standard, Action Proposed & Timescale	Action to Date (Q4)
AR	<p>Pentana (MKI) system not found as useful when working reactively.</p> <p>The system will be evaluated once IA resumes usual duties.</p> <p>31 March 2022</p>	<p>Developments in hand, but system not as useful when working reactively.</p> <p>Pentana (MKI) will be used where possible, but reactive work will continue to be conducted & recorded using shared electronic folders.</p> <p>The Pentana system has been evaluated and work is in progress to rebuild for its effective use. Full training has also been arranged for all IA staff.</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%