

Gwasanaethau Cyfreithiol a Llywodraethu

Legal and Governance Services

Gwasanaeth Archwilio Mewnol

Internal Audit Service

Mae'r adroddiad yma ar gael yn Gymraeg.

This report is available in Welsh.



Cyngor Sir
CEREDIGION
County Council

Adroddiad Cynnydd Archwilio Mewnol

Internal Audit Progress Report

1 January – 31 March 2024

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ADRODDIAD CYNNYDD ARCHWILIO MEWNOL

INTERNAL AUDIT PROGRESS REPORT

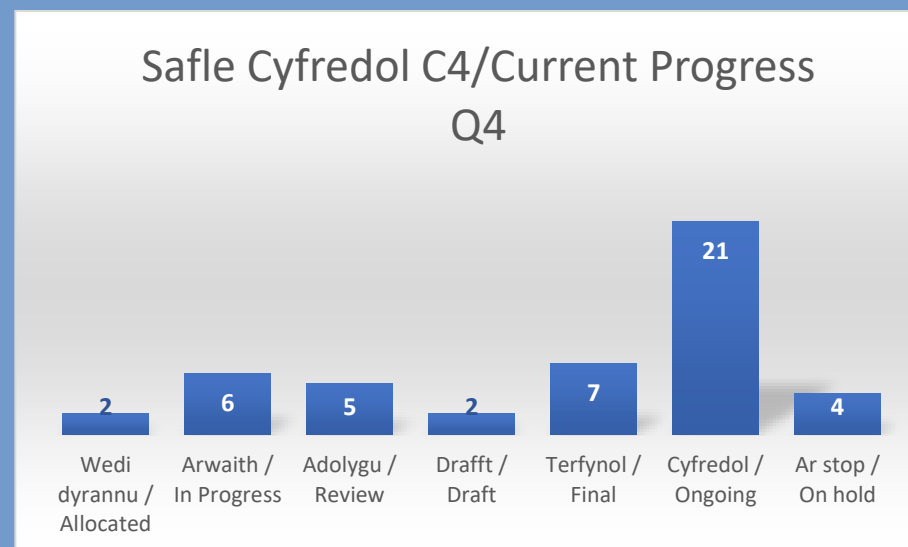
1/1/2024 – 31/3/2024

1 INTRODUCTION

- 1.1 The Internal Audit Strategy and Annual Plan for 2023/24 was approved by the Committee (GAC) on 9 March 2023.
- 1.2 The purpose of this report is to update the GAC on the work undertaken by Internal Audit (IA) and the progress made and position of the service in progress made towards the completion on the Internal Audit annual plan.
- 1.3 This report also provides an update of work undertaken by the service during the fourth quarter of the 2023/24 financial year and highlight any areas of concern that may have arisen during the completed audits.
- 1.4 As at 31/03/2024 a total of 82 'live' items appear in the operational Interim Audit Plan. These are made-up of 62 'planned' pieces of work consisting of audits from the Annual Strategy & Plan. The remaining 20 items have been risk assessed and added during the year, ie reactive work. Further detail on these can be found in Section 3.

2 AUDIT WORK UNDERTAKEN

2.1 Audit Plan Progress (Q4):



2.2 Up to 31/03/2024 82% of the Internal Audit Operation Plan has been covered. With 66% Completed.

2.3 Seven pieces of work were finalised during the quarter, as per table below, which will be considered in determining the IA annual opinion:

Audit Area	Type of Audit	Assurance
<p>HR Amendments – People & Organisations Assessment of processes in place for new starters, leavers and other contract amendments (including honoraria), and to evaluate the controls, risk management and governance processes audited.</p>	System	Substantial
<p>HR Amendments – Schools & Culture Assessment of processes in place for new starters, leavers and other contract amendments (including honoraria), and to evaluate the controls, risk management and governance processes audited.</p>	System	Substantial
<p>GDPR in Schools 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.</p>	Assurance	High
<p>Fraud Risk Register Organisation-wide Fraud Risk Assessment to identify areas of assurance and areas for further investigation / improvement.</p>	Assurance	N/A
<p>Wellbeing Centres – Self Assessment Internal Audit issued self-assessments to all Council Wellbeing Centres to identify areas of risk to the authority. The results were assessed and assurance was obtained on processes followed. Internal Audit have been prioritise key areas of risk to include in the Internal Audit plan of work.</p>	Assurance	N/A
<p>Annual Governance Statement Framework Review 2023/24 Governance review which considers the effectiveness of the Governance Framework, especially in the areas specifically addressed in the AGS action plan.</p>	Assurance	Substantial
<p>Special Guardianship Orders Service request for Internal Audit advice on two policies that had recently been developed to set out the correct protocol for Special Guardianship Orders.</p>	Advisory	Advice

2.4 Examples of good practice noted from the finalised audits have been listed below, which also form part of the annual assurance process:

- **HR Amendments**

- ✓ Notification of Appointment forms completed for all new employees.
- ✓ Statements of Particulars issued to new employees before commencing employment with the Council.
- ✓ Termination forms completed correctly for each departing employee.
- ✓ All contracts sampled were found to be correct on Ceri.

- **GDPR in Schools**

- ✓ There are sufficient controls in place to monitor schools' registration status with the Information Commissioner's Office.

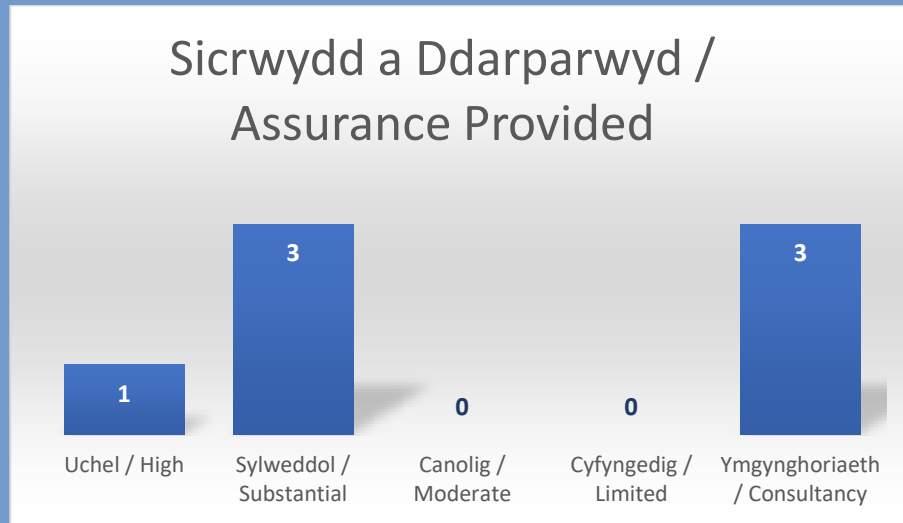
- **Fraud Risk Register**

- ✓ Mandatory Counter Fraud eLearning module
- ✓ General awareness of fraud risks
- ✓ General awareness of counter fraud controls in place within own services
- ✓ CM's cascade information received at Corporate Workshop on fraud to teams

2.5 A total of 21 items included in the plan are on-going pieces of work, from which IA have extracted examples of good practice achieved during the quarter, which again will be considered in forming the IA annual opinion:

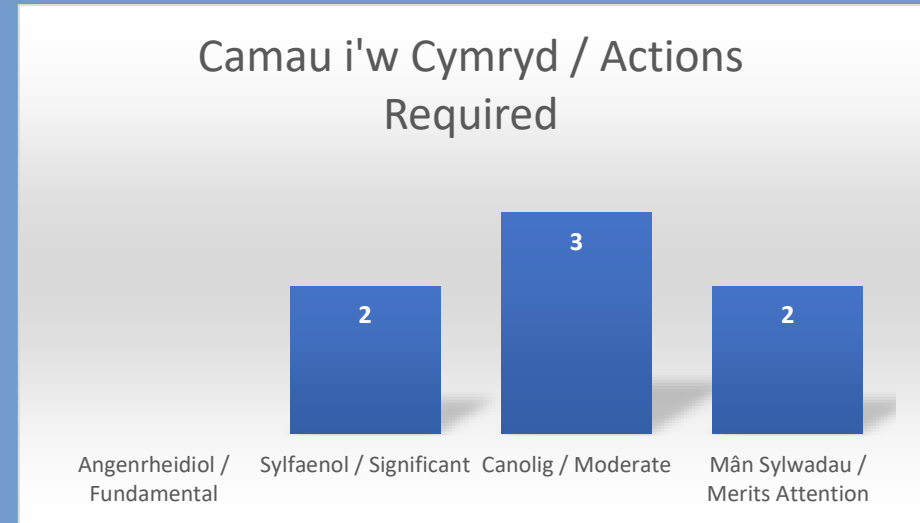
- **Emergency Planning & Business Continuity** – Corporate Business Continuity Plans being reviewed and updated by services & Civil Contingencies staff. Training was given to CMs in order to develop plans to respond to ransomware attacks.
- **Corporate Project Management Panel** – new project proposals put forward & actions requested by panel where appropriate.
- **Corporate Management Workshop** – updates to managers re ways of working, policies & procedures for information and role development.
- **Cyber Resilience & Information Governance Group** – the Group provides operational support, preparedness and direction to address and reduce cyber risks and improve the Council's cyber security, information security and governance.
- **Service Risk Register** - Risk management review which assesses the effectiveness of controls in place for ALL risks identified in the service risk registers.
- **Annual Governance Statement** - CMIA to contribute to finalising 2023/24 AGS & 2024/25 procedures, to include the Governance Framework, as necessary throughout the year.

2.6 The levels of assurance provided for the audits completed during the quarter are as follows:



2.7 A guide to the criteria used to determine the overall assurance is shown in Appendix I.

2.8 A total of 7 'actions required' have been issued in the finalised reports during the quarter of which 2 were significant, 3 moderate and 2 merits attention:



2.9 The criteria used to determine the 'actions required' is outlined in Appendix II.

2.10 The 2 significant actions issued during the third quarter are detailed below:

HR Amendments (Schools Service and Lifelong Learning & Culture)

R1

Managers must ensure all necessary forms are completed and supporting evidence sent to HR in a timely manner to ensure changes can be processed efficiently.

HR Amendments (People & Organisation)

R1

Managers must ensure that notifications are submitted in sufficient time to allow HR to process any changes before the effective date.

3. A total of 20 'reactive' items have been risk assessed and included in the Operational Internal Audit Plan as shown in table (below).

Audit Area	Type of Audit	Status
Ceredigion Museum Shop – Independent Verification of Stock	SI	Completed
Special Investigation – CM	SI	Completed
Special Investigation - SS Motability	SI	In Draft
Special Investigation – Housing Grant	SI	Completed
Special Investigation – Carers Fund Administration	SI	Completed
Special Investigation - Aberaeron Leisure Centre Cash	SI	Completed
Direct Payment Respite Protocol	Consultancy	Completed
Face to Face Provision	Advice	Completed

Audit Area	Type of Audit	Status
Direct Payment Policy	Advice	Completed
Coroners Software	Advice	Completed
Safekeeping Review	Advice / Governance	In Progress
Governance Framework	Governance	Completed
Museum – Income	Assurance	In Review
Recruitment & Retention	Assurance	In Creation
Complaints & FOI Review	Assurance	In Creation
Service Risk Register	Risk	Ongoing
Harbours Report 2022/23	Systems	Completed
Cash Management Software	Advice	Completed
HB Suspected Fraud	Advice	Completed
Special Guardianship Orders	Advice	Completed

4 RESOURCES

4.1 Internal Audit has been fully resourced during the final quarter of 2023/24.

4.2 A total of 189 days have been dedicated to audit work during the period 1 January 2024 to 31 March 2024, representing 103% of the assessed days estimated as required to complete the audit plan to year-end (or 104% of days required to complete the audit plan for the first three quarters).

4.3 The CMIA continues to support the Welsh Chief Auditors Group (WCAG) which ensures best practice and consistency between all authorities; and the North & Mid Wales Chief Auditors Group (NMWCAG) to compare practices and share generic documentation. These meetings continue to be held using 'Teams'.

4.4 The NMWCAG run a Counter Fraud Sub-Group, which dedicates more time to the subject. This Sub-Group is attended by the Audit Manager (via Teams).

4.5 All members of staff ensure they meet any continuous professional development conditions and complete the Council's mandatory training requirements. During this year:

- All members of audit staff have undertaken the required updates to the Council's webinars and e-learning training modules, the e-learning system has been redeveloped and several members of audit staff have completed refresher e-learning modules.
- The CMIA and Audit Manager attended the Council's Ceredigion Manager Update training.
- The CMIA along with other IA staff where relevant, have 'attended' regular webinars hosted by the Institute of Internal Auditors (IIA), CIPFA, Data Cymru.
- The CMIA is CIA qualified and a further 2 members of staff are pursuing their Institute of Internal Auditors' qualification.

4.6 Arrangements are also in place to develop IA staff's awareness of counter fraud and ICT/Digital risks and controls via training and online resources.

5 PERFORMANCE INDICATORS

5.1 The current Performance Indicator's (PI's) used by the Internal Audit service are set out below along with performance figures for Q3.

Indicator	Measure	Target	Q4 (YTD)
Number of audits completed	Number	-	31
Percent of planned time spent on audits	%	80	103
Percentage of clients responses at least 'satisfied'	%	95	100
Percentage of actions accepted versus made	%	95	100
Av no of days from end of audit to issue of draft report	Days	10	8.5
Av no of days from exit meeting to final report	Days	5	0

6 IMPROVEMENT PLAN 2023/24

PSIAS Ref.	Conformance with Standard	Action Required	Target Date	Progress
1210	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent? She would like to	The Council should support the CMIA in achieving, at the earliest opportunity, the Chartered Institute of Internal Auditors professional qualification (CMIIA).	As soon as possible, within 3 years of appointment	CMIA has completed the CIA qualification. CMIA will enroll on CMIIA qualification after completing the ILM Level 4.

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.

Guide to the classification of actions used:

Classification of Actions			
Fundamental	Significant	Moderate	Merit Attention
Weakness that is crucial to the management of risk within the service. Needs to be notified and requires the attention of the CLO.	Important findings that identify non-compliance with established procedures that could lead to a risk of financial / reputational loss to Service.	Findings that identify non-compliance with established procedures but do not represent any major risk of financial / reputational loss to Service.	Items requiring little or no action. Included as may be of interest to service or best practice advice.