

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 October – 31 December 2024

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ADRODDIAD CYNNYDD ARCHWILIO MEWNOL

INTERNAL AUDIT PROGRESS REPORT

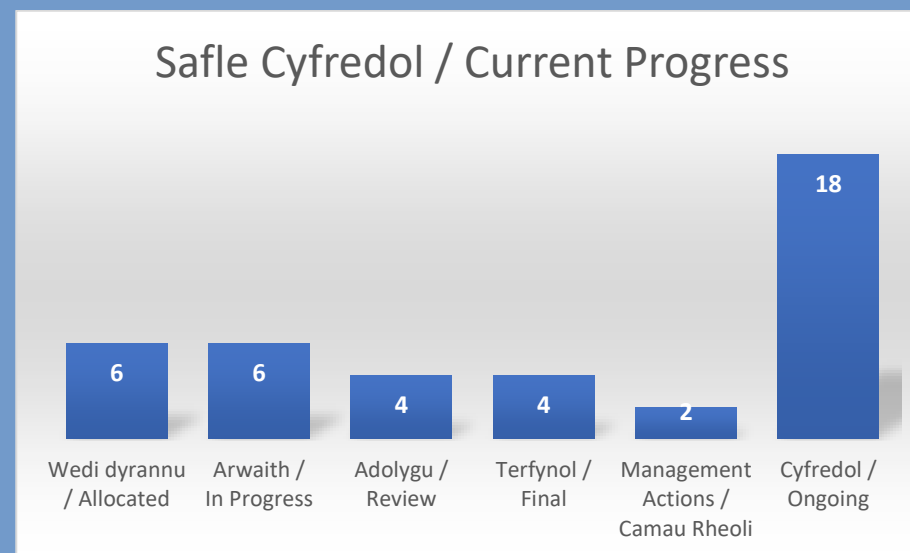
1/10/2024 – 31/12/2024

1 INTRODUCTION

- 1.1 The Internal Audit Strategy and Annual Plan for 2024/25 was approved by the Committee (GAC) on 14 March 2024.
- 1.2 The purpose of this report is to update the GAC on the work undertaken by Internal Audit (IA), the progress made and position of the service in continuing to achieve the Internal Audit annual plan.
- 1.3 This report also provides an update of work undertaken by the service during the quarter of the 2024/25 financial year and highlight any areas of concern that may have arisen during the completed audits.
- 1.4 As at the end of the quarter a total of 63 'live' items appear in the operational Interim Audit Plan. These are made-up of 49 'planned' pieces of work consisting of audits from the Annual Strategy & Plan. The remaining 14 items have been risk assessed and added during the quarter, ie reactive work. Further detail on these can be found in Section 3.

2 AUDIT WORK UNDERTAKEN

- 2.1 Audit Plan Progress during the quarter reported:



- 2.2 Up to 31/12/2024 87% of the Internal Audit Operation Plan has been covered.

2.3 Four 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 |
|---|---------------|-------------|
| Members' Declarations of Interest Review of annual declarations for completeness and accuracy to Companies House information. | Assurance | Substantial |
| Chief Officers' Declarations of Interest Review of annual declarations for completeness and accuracy to Companies House information. | Assurance | High |
| NAFN Alert – Career Polygamy Internal Audit conducted a system check following receipt of a detailed NAFN Alert for assurance that Ceredigion County Council had not been exposed to the confirmed fraud. | Counter Fraud | N/A |
| NAFN Alert - Payments Internal Audit conducted a system check following receipt of a detailed NAFN Alert for assurance that Ceredigion County Council had not been exposed to the confirmed fraud. | Counter Fraud | N/A |

2.4 2 Management Action reports were issued during the quarter providing updated assurance on:

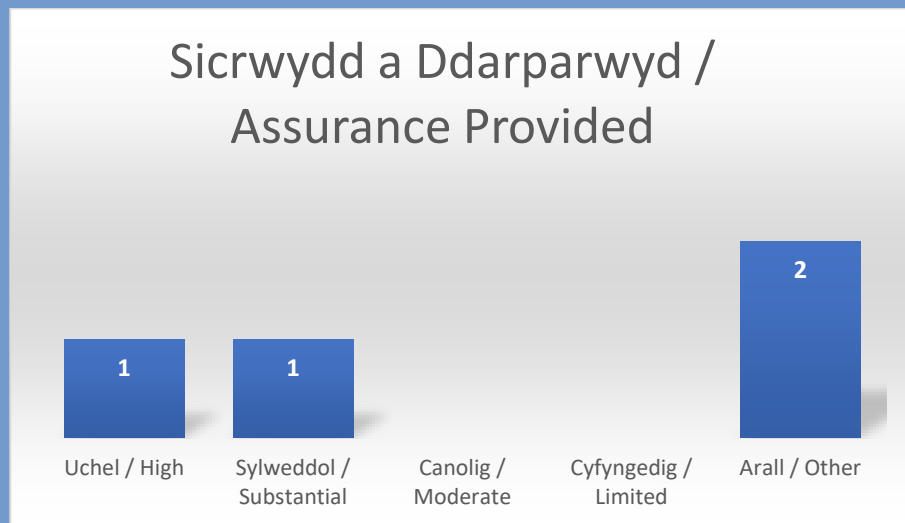
- HR Amendments – Customer Contact, ICT and Digital
- HR Amendments – Economy & Regeneration

Detailed updates will be provided as part of Internal Audit's Management Actions Report.

2.5 A total of 18 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:

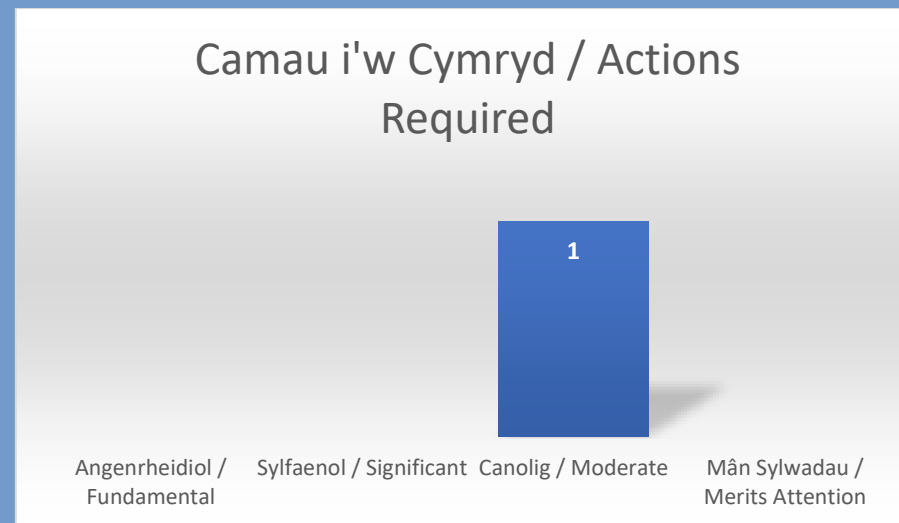
- **Corporate Project Management Panel** – new project proposals put forward & actions requested by panel where appropriate.
- **Corporate Management Workshop** – updates to managers re ways of working, policies & procedures for information and role development.
- **Cyber Resilience & Information Governance 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 the Council's AGS, including the Governance Framework and its annual review, as necessary throughout the year.
- **Emergency Planning & Business Continuity** – Corporate Business Continuity Plans being reviewed and updated by services & Civil Contingencies staff.

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 One moderate 'action required' was issued in the finalised reports during the quarter:



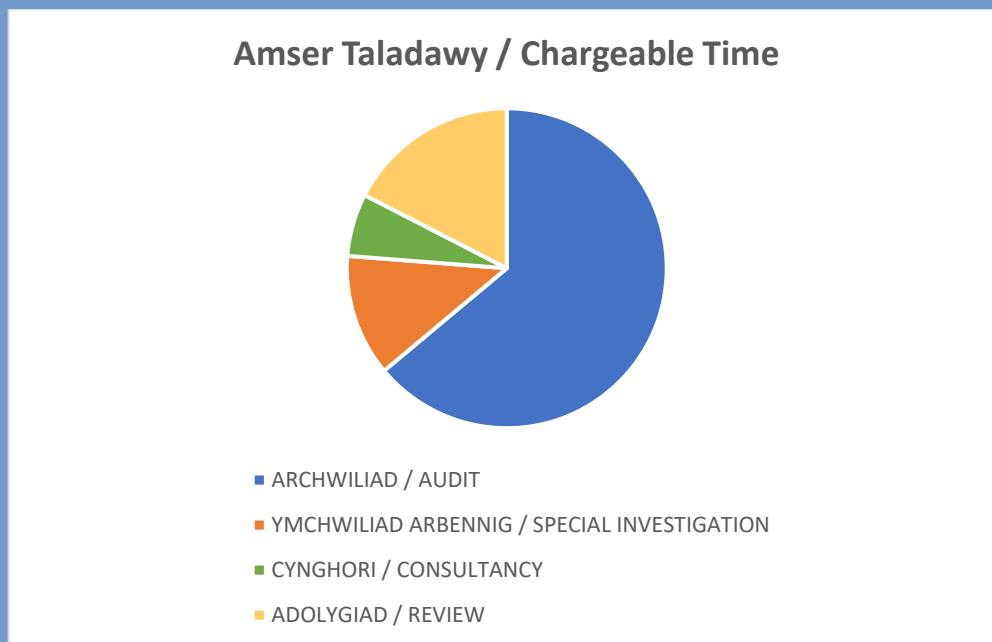
2.9 The criteria used to determine the 'actions required' is outlined in Appendix II.

3. A total of 14 '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 |
|---|---------------|-------------|
| Special Investigation – Travelling | SI | Completed |
| Special Investigation - SS Motability | SI | Completed |
| Museum Income | Assurance | Completed |
| Special Guardianship Orders | Advice | Completed |
| Legal Discharge Authorisation | Advice | Completed |
| Payroll Data Matching | Assurance | In Review |
| Museum Governance Group | Consultancy | Ongoing |
| Contracts Audit | Assurance | In Progress |
| Equalities Audit | Assurance | Planning |
| Declarations of Interest – Chief Officers | Assurance | Completed |
| Special Investigation – Agency Payments | SI | In Progress |
| Special Investigation – Private Fund | SI | In Progress |
| NAFN Alert – Career Polygamy | Counter Fraud | Completed |
| NAFN Alert - Payments | Counter Fraud | Completed |

4 RESOURCES

4.1 A total of 209 days were recorded as 'chargeable time' during the quarter, representing a total of 70% of the required days YTD. The breakdown of 'chargeable time' for the team during the quarter is shown below:



4.2 The CMIA continues membership in 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.

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

- All IA staff have undertaken the required updates to the Council's e-learning training modules.
- The CMIA along with other IA staff where relevant, have 'attended' regular webinars hosted by the Institute of Internal Auditors (IIA), CIPFA, Data Cymru and others.
- The CMIA and Senior Auditor are CIA qualified, and a further member of staff is also pursuing their Institute of Internal Auditors' qualification.

4.4 In-house fraud and ethics training has been provided to the Internal Audit team during the quarter. Arrangements are also in place to develop IA staff's awareness of 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 | Q3 |
|---|---------|--------|-----|
| Number of audits completed | Number | - | 4 |
| Percent of planned time spent on audits | % | 80 | 93 |
| Percentage of clients responses at least 'satisfied' | % | 95 | 100 |
| Percentage of actions accepted versus made | % | 95 | 100 |
| Percentage of audits completed within 6 months | % | 80 | 87 |
| Av no of days from exit meeting to final report | Days | 5 | 1 |
| Percentage of audit conclusions addressing Council's Wellbeing Objectives | % | 80 | 0 |

6 IMPROVEMENT PLAN 2024/25

| PSIAS Ref. | Conformance with Standard | Action Required | Target Date | Progress |
|--------------------------|--|---|---|---|
| 1210 | Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent? | 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. | Completed. CMIA was awarded Chartered Internal Auditor status on the 30 th January 2025. |
| PSIAS / Global Standards | Effective date of new material developed by Internal Auditing Standards Advisory Board (IASAB) will be 01/04/2025. Guidance material to be issued later in 2024 (consultation to commence September 2024 at the latest). | Once Guidance material has been issued by IASAB, prepare for implementation. | 01/04/2025 | Alignment to Global Internal Audit Standards in progress. |

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. |