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## Internal Audit Progress Report

(as at 11 July 2023)

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# INTERNAL AUDIT PROGRESS REPORT

## 1. Introduction

### 1.1 Background

The Internal Audit Progress Report sets out performance in relation to the Internal Audit Plan. It summarises the work performed, the priority recommendations raised, the critical findings, emerging trends, and relevant value for money findings.

This progress report covers the period from 1 March – 30 June 2023, and follows the updates provided in the last Committee meeting held on 21 March 2023. This report is structured to provide a summary account of audit activities and outcomes in March 2023 to conclude reporting on 2022/23, followed by an outline of the audit activities and progress made against the Audit Plan 2023/24.

The Audit Plan 2022/23 was approved by the Governance and Audit Committee on 15 March 2022, and the Audit Plan for 2023/24 was approved by Committee on 21 March 2023. The Internal Audit Plan provides the framework for audit work each year and is aligned to the Council's corporate governance arrangements, whilst also being responsive to any changes to the risks faced by the Council during the year.

### 1.2 Independence and objectivity

The Internal Audit section reports to the Audit Manager. In line with the provisions of the Public Sector Internal Audit Standards (1100), organisational independence is maintained, as the Audit Manager is not responsible for managing any functions beyond the Internal Audit and Investigation teams. The Audit Manager reports administratively to the Head of Finance and functionally to the Governance and Audit Committee for audit-related matters. There have been no impairments of independence or objectivity.

### 1.3 Continuing Professional Development

Auditors have completed their year-end personal reviews and formalised their objectives for 2023/24. Prior to discussing performance, auditors updated their skills assessment in application of the IIA Professional Competencies Framework.

The results of personal reviews and skills assessments informed the year-end Audit Manager's review against the Quality Assurance and Improvement Programme (Standard 1300), from which a generally strong baseline of knowledge and skills were recognised across the audit team.

## 1.4 External Peer Assessment

On an annual basis the Audit Manager completes an internal review against the CIPFA Local Government Application Note, which breaks down the conformance requirements of the Public Sector Internal Audit Standards (PSIAS). Through this review, and the quality assurance and improvement programme that is in place, ongoing conformance with the PSIAS is reported to the Governance and Audit Committee as part of the Internal Audit Annual Report. This is in addition to the ongoing assurance arrangements in place to achieve and report ongoing assurance in progress report to the Committee.

In addition to internal reviews, the PSIAS requires that external assessments are conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The latest 5-yearly external assessment was completed and reported to the Governance and Audit Committee in March 2023, led by the Chief Auditor in Monmouthshire / Newport Councils, who was allocated to undertake the peer assessment of Cardiff Council's Internal Audit service. The assessment has reported no partial or non-conformance. One optional action was proposed and has been implemented, relating to the communication of the audit scope and objectives along with the risk, within audit outputs.

## 2. Summary of Work Performed

The following audit summary is separated into two sections. The first section covers the conclusion of the Audit Plan 2022/23, followed by a second section which covers the work programme for 2023/24, and the associated activities, resources, findings, and measures of performance in quarter one 2023/24.

### Conclusion of 2022/23

#### 2.1 Audit Plan 2022/23

In March 2022/23, twenty audit engagements were completed to at least draft report stage and a further audit relating to the prior year was finalised. The Governance and Audit Committee was advised that these audits were being targeted for completion by the year-end in its January and March meetings. Details are provided below.

Figure 1. March 2023 audit outputs and opinions

No.	Assurance Audit Engagement	Audit Opinion
1.	Performance Management – Economic Development	Effective
2.	In-year testing - Purchases and Payments	
3.	Alarm Receiving Centre	Effective with opportunity for improvement
4.	Disposal of Land and Buildings	
5.	Pensions and Investments	
6.	Secondary school audit - Eastern High	
7.	Skip Hire	
8.	Waste Management Enforcement	
9.	In-year testing - Payroll and HR	
10.	Partnership / Arms-length Assurance	
11.	Complaints and Compliments	
12.	Council Tax	
13.	Secondary school audit - Fitzalan	
14.	Health and Safety - Education	
15.	Harbour Authority	
16.	Ethics and Values	
17.	Primary school audit - Baden Powell	
18.	International White Water	
Audit Work with 'No Opinion'		
19.	National Fraud Initiative Data Matching	Participation
20.	Norwegian Church Preservation Trust 2021/22	Account certification
<i>Concluded Reports from the prior year</i>		
21.	Payroll and HR in year testing 2021/22	Effective w/ opportunity for improvement.

The final position in respect of the Audit Plan 2022/23 and wider information and measures of the performance of the audit team are included in detail within the Internal Audit Annual Report 2022/23.

The summarised position is shown in the table below: 55 new audit engagements were completed to at least draft output stage against a plan of 105 audits (52%), and a further 23 draft outputs from the prior year were finalised. The Audit Plan is responsive to risk and, accordingly, some audits were added, deferred, and cancelled during the financial year, with the engagement of, and approval where required from, the Governance and Audit Committee. The audits completed in 2022/23 and the assurance levels given are shown in the table below:

Figure 2. Audit outputs and opinions (2022/23)

Status	Number of audit outputs	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	30	4	23	2	1	0
Final	48	7	26	6	0	9
TOTAL	78	11	49	8	1	9
	55	New Audit Engagements Completed				
	23	Finalised Audit Engagements from 2021/22				

## 2.2 Critical Findings or Emerging Trends (March 2023)

Within the Internal Audit Annual Report 2022/23, an Audit Manager opinion of ‘Effective with opportunity for improvement’ has been provided on the Council’s control environment. Recognising that the Internal Audit Annual Report 2022/23 provides the substantive and detailed position in respect of the activities, performance, and opinions of Internal Audit for the last financial year.

There were no impaired assurance opinions provided through the draft reports issued in March 2023. An audit of Central Transport Service (CTS) which was issued in draft during February 2023 with an opinion of ‘unsatisfactory’ has been finalised. Accordingly, the Executive Summary Report is included within Appendix C for the information of the Governance and Audit Committee. A follow up audit has been included within the draft Audit Plan 2023/24.

## 2.3 Value for Money findings (March 2023)

There were no value for money themed audits delivered within the reporting period. The vast majority of audits undertaken by the Internal Audit Team have objectives which cover value for money assurances, from which a general satisfactory level of assurance can be provided for the reporting period.

## Work Programme – 2023/24

## 2.4 Current Activities

During quarter one 2023/24, the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to commence the delivery of assurance engagements from the Audit Plan.

The Internal Audit Team has continued to be available to provide advice and guidance on the design and implementation of effective controls, process changes and grant administration, to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.

Following the planned conclusion of the Audit Plan for 2022/23, a number of assurance audit engagements have commenced from the Audit Plan 2023/24. This work continues to be undertaken predominantly on a desktop basis, although site visits are taking place for establishment audits, to observe the operation of physical controls or operating practices.

The table below shows a list of audits and their reporting status in the current year until 30 June 2023, whereby 10 new audit engagements have been completed to at least draft output stage and 20 audit engagements from the prior year have been finalised. A summary of the audit outputs and opinions in the year to date is shown below.

Figure 3. Audit outputs and opinions (at 30 June 2023)

Status	Number of completed audits	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	6	4	2	0	0	0
Final	24	4	14	2	1	3
TOTAL	30	9	16	2	1	3
	10	New Audit Engagements completed				
	20	Finalised Audit Engagements from 2022/23				

Since the last reporting period, two draft audit outputs have been issued with opinions of ‘insufficient with major improvement needed’. Information on the findings of these audits is provided within Section 2.7 – Critical Findings or Emerging Trends.

Figure 4. 2023/24 Audit outputs and opinions (at 30 June 2023)

No.	Assurance Audit Engagement	Audit Opinion
1.	Performance Management – Governance and Legal Services	Effective
2.	Performance Management – Children’s Services	
3.	Performance Management – Adults, Housing and Communities	
4.	Performance Management – People and Communities	
5.	Performance Management – Planning, Transport and Environment	
6.	Youth Offending Service	Effective with Opp’ for improv’t
7.	Performance Management – Education and Lifelong Learning	
Audit Work with ‘No Opinion’		
8.	Joint Committees - Prosiect Gwyrdd	Consultancy, certification, advice and guidance
9.	Joint Committees - Port Health Authority	
10.	Joint Committees - Glamorgan Archives	
Concluded Audits from the Prior Year		
11.	School Asset Management - Thematic (Albany)	Effective
12.	Welsh Government Covid Grants - Assurance	
13.	Performance Management – Economic Development	
14.	Resources - Health and Safety (cf. 2022/23)	Effective with opportunity for improvement
15.	Harbour Authority	
16.	Cardiff Dogs Home	
17.	Health and safety - Education	
18.	City Deal 2021/22	
19.	Follow up - Cardiff West Community High School	
20.	Waste Management Enforcement	
21.	Skip Hire	
22.	Eastern High School	
23.	Ethics and Values	
24.	Pensions and Investments	
25.	Asset Management	
26.	Disposal of Land and Buildings	
27.	Complaints and compliments	
28.	Contract Variations	Insufficient, major Improv’t needed
29.	Directorate PCI - DSS Compliance	
30.	Central Transport Service	Unsatisfactory

Further to the table above, the outputs that were not been given an assurance opinion and the reasons for this were as follows:

Figure 5. Completed audits without an assurance opinion (at 30 June 2023)

Audit	Comments
Joint Committees - Prosiect Gwyrdd	Work to support completion of Statement of Accounts, 2022/23
Joint Committees - Port Health Authority	
Joint Committees - Glamorgan Archives	

The report status for the year to date is shown in **Appendix A**.

## 2.5 Resources

In March 2023, the Governance and Audit Committee was advised that two Senior Auditor posts were being advertised, arising from one member of the team being promoted to Principal Auditor, and another leaving the team for an opportunity within the Planning and Performance Team. Both of these posts have been appointed to with the post holders commencing in July.

Two Auditor positions became available, arising from one member of the team being promoted to Senior Auditor, and another leaving the team for an opportunity within the Adults, Housing and Communities directorate. After prompt advertising, shortlisted candidates have been invited for interview during July. One of the available posts is subject to a trial for potential redeployment in accordance with HR processes, which will commence in July.

Committee was advised in March 2023 that three CIPFA Trainee posts were being advertised, and that subject to successful appointment there would be one CIPFA Trainee on rotation from quarter 2 2023/24 to support the delivery of the Audit Plan. It is pleasing to report that the three Trainee posts have been appointed to. The post holders will commence at the end of July, one of who will be placed within Internal Audit during their first year of study.

Vacant posts have had an impact on the available staff resource during quarter one, which has impacted on the progression of the audit plan. As all operational auditors and the audit assistant record all actual time worked, there is useful management information available for planning, monitoring, and reporting purposes. Timesheet data contained 251 chargeable days in quarter one, against a pro-rata plan of 374 days (the pro rata days are calculated as an even quarterly average of available days for the year as a whole).



Time is available for audit development purposes, and one Auditor has funding in place to study the Certified Information Systems Auditor (CISA) Qualification with ISACA. To support their development and the delivery of the Audit Plan, it has been arranged for them to shadow and deliver the two ICT audits in the plan alongside a specialist auditor who has been commissioned under contract under the direction of the Audit Manager.

## 2.6 Annual plan

The Committee approved the Audit Plan 2023/24 in its meeting in March 2023. At this time, it was advised of the position against the Audit Plan 2022/23 including the audit targets for the remainder of the quarter. Details were also provided on how assurance would be achieved for planned audit engagements that would not be completed from the Audit Plan 2022/23.

The Audit Plan 2023/24 is contained within Appendix B. Whilst set on an annual basis, the Audit Plan is adaptable and responsive and will be subject to ongoing risk assessment, prioritisation, and review throughout the year to maximise assurance and management support. In-year changes may be introduced where appropriate, to respond to emerging risks and issues as the year progresses.

For the information of the Committee, all audits that were at draft status at the end of 2022/23 are highlighted in 'grey' in order to enable the finalisation of these audits to be tracked, whilst providing a visible separation from the audit engagements contained within the Audit Plan 2023/24.

Delivery of the Audit Plan 2023/24 is proportionately lower than targeted in quarter one, for which the reasons primarily relate to resources as outlined in section 2.5. 'Resources' for which the position is shown is section 3.2 'performance'. It is also not uncommon for performance to be lower in quarter one, as a new portfolio of audit engagements are worked on, some of which are well progressed but have not been concluded at the quarter end.

Audits will be allocated on a basis that provides the greatest assurance and value, and mitigates any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2023/24.

## 2.7 Critical findings or emerging trends (Q1 2023/24)

During quarter one, it is positive to report that all audit opinions provided were either 'effective' or 'effective with opportunity for improvement'.

Over the quarter, thematic audit reviews have been taking place across directorates in respect of Performance Management. These thematic audits follow on from:

1. Reviews of Directorate Recovery Planning, which considered how the organisation had adapted, and come through the pandemic. This work, which was delivered through a directorate self-assessment coordinated by Internal Audit, led to some recommendations in terms of performance measures which fed into relevant Directorate Delivery Plans.
2. A corporate level audit of Performance Management, which gave assurance on the corporate framework for performance management which was considered sound.

The directorate-level audits of Performance Management that have been completed during quarter one have provided assurance that robust performance arrangements and systems are in place with effective directorate application of the corporate framework from which only a small number of recommendations have been raised.

Of notable relevance to the terms of reference of the Governance and Audit Committee is an audit review that has been completed to seek assurance on the effectiveness of the Council's Complaints and Compliments arrangements. Based on the work undertaken and the samples tested during the audit, an assurance rating of effective with opportunity for improvement has been allocated. The audit reviewed the handling of compliments and complaints across the Council; corporately, within Social Services (Adults and Children respectively), and within maintained Schools. Reflecting on the nature of each system in place, it was considered that complaints handling, and the timeliness of outcomes, were broadly operating effectively and proportionately to the level of complexity. A small number of recommendations have been raised and agreed for the areas where it was considered that there was scope for improvement.

Aligned to audit recommendations, corporate complaints handling assurance meetings have recommenced and the complaints handling standard operating procedure has been updated to support consistency in the categorisation and recording of complaints. The importance of an effective and timely roll-out of the corporate complaints handling system to mitigate the risk of fragmented systems and to take the opportunity to interrogate and review system / complaint data for further quality assurance on complaints handling is emphasised in the report. Through the audit, a process of providing guidance to schools on complaints reporting and retention in the interests of consistency and promoting good practices was agreed, and assurance will be integrated into the next Control-Risk Self-Assessment (CRSA) audit exercise.

## 2.8 Value for Money findings (Q1 2023/24)

There were no value for money themed audits completed within the reporting period. Fieldwork is underway for an audit of value for money in use of Council vehicles, and once completed, the audit opinion and relevant findings will be reported to the Committee.

The vast majority of audits undertaken by the Internal Audit Team have objectives which cover value for money assurances, from which a general satisfactory level of assurance can be provided for the reporting period.

## 3. Audit Performance and Added Value

### 3.1 Added Value

Relationship Manager meetings were held with Directors and their representatives during the development of the audit plan in quarter four 2022/23. Further meetings were then held in quarter one 2023/24, with particular focus given to understanding the priorities and risks within each management team, and the changes to systems or processes planned or underway, in order to direct audit advice and inform the planning of audit engagements.

Feedback from audit clients has been generally positive with 88% satisfaction and 83% of clients scoring all areas of their audit as good or excellent. One audit did not receive satisfactory feedback from the audit client, as they felt frustrated by elements of the audit process which were addressed once highlighted to audit management. All other clients reported that their audits added value.

In the audit outputs issued to date (as at 30 June 2023), there have been 17 recommendations made, of which one has been agreed through a finalised report. All other recommendations are being considered by audit clients through draft audit outputs. These are summarised below:

Figure 6. Recommendations raised and agreed

Rating	Recommendations made	Recommendations agreed	Recommendations being considered
Red	0	0	0
Red / amber	3	0	3
Amber / green	13	1	12
Green	1	0	1
TOTAL	17	1	16

### 3.2 Performance

As outlined in section 2.4 ('Current Activities'), the priorities and approach of the audit team during quarter one were to deliver a combination of management support through consultation and

engagement in high-risk areas, and to commence the delivery of assurance engagements from the Audit Plan 2022/23.

It is considered that the audit performance indicators utilised in 2022/23 continue to provide an effective measure of the core components of delivering an effective audit service. Figure 7 contains the proposed performance indicators and targets for 2022/23, together with the outcomes for 2021/22 for consideration and comment by the Governance and Audit Committee.

The primary reasons why the audit service is operating at a lower capacity during the quarter are outlined in 2.5 ('Resources'). At the outset of the year, a proposed target for delivery of the Audit Plan is set at 70% and this has been integrated into audit planning and performance management processes. The target is considered to be stretching and achievable, for which the primary reasons for slippage against this measure during quarter one were the vacant posts for which recruitment exercises have been taking place.

A number of audits have been finalised from last financial year, as is shown in figure 4, and this has contributed to positive number of finalised audits per auditor. Attention continues to be given to the timely conclusion of draft audit reports.

All draft reports have been issued within four weeks of concluding audit fieldwork in the year to date, and attention will be given to sustaining high performance in this area.

Governance and Audit Committee Members have taken particular interest in performance against the percentage of audit recommendations implemented within the agreed timescale, which has been below target for a number of years. A target is proposed of 80% for 2023/24, which represents an ongoing expectation of the high delivery of agreed management actions, and an expected improvement of directorate performance from 2022/23. The performance measure has been achieved in quarter one.

Figure 7. Performance against targets for 2023/24 (to date)

Performance Indicator	2022/23 Outcome	2023/24 Target	Q1 Outcome
The percentage of the Audit Plan completed	52%	70%	12%
The average number of audit productive days per FTE	144	150	28.48
The average number of finalised audits per FTE	6.64	8	3.07

Performance Indicator	2022/23 Outcome	2023/24 Target	Q1 Outcome
The percentage of draft audit outputs delivered within four weeks	91%	90%	100%
The percentage of audit recommendations implemented within the agreed timescale	67%	80%	80%

### 3.3 Audit Plan Delivery

In addition to monitoring and managing the numbers of audits delivered, audit engagements are allocated in order to ensure that there is a breadth of assurance by the financial year-end, upon which to provide a complete Audit Manager annual opinion.

As outlined in section 2.4 – Current Activities, there were ten audit engagements completed in quarter one 2023/24. The current position for the full Audit Plan 2023/24 is shown in **Appendix B – Audit Plan**.

### 3.4 Recommendations

A summary of the audit recommendations and progress at the reporting date are provided within **Appendix B**. Full recommendation trackers on the recommendations open, and those completed since the last committee, are available for Governance and Audit Committee Members via a SharePoint site for information and reference.

Figure 8. Revised recommendation implementation dates and status

Directorate / Audit Category	Number of recommendations with revised dates	Actions now implemented	Actions still open
Fundamental	20	19	1
Corporate	31	18	13
External and grants	13	13	0
Adults, Housing and Communities	37	30	7
Children's Services	25	19	6
Economic Development	56	33	23
Education and Lifelong Learning	102	65	37
Planning Transport and Environment	56	37	19
People and Communities	1	1	0
Resources	65	51	14
Governance and Legal Services	11	11	0
Waste Management	51	48	3
	468	345	123
Schools	202	160	42
TOTAL	670	505	165

**NB** - It should be noted that the table above represents the position as at 30 June 2023, whereas the recommendation tracker appendices show the detailed position against each recommendation at the closest possible date to each Committee meeting.

## 4. Conclusion

### 4.1 Summary

During quarter one 2023/24, the priorities and approach of the audit team were to deliver a combination of management support through consultation and engagement in high-risk areas, and to commence the delivery of assurance engagements from the Audit Plan. It is positive to report that during quarter one, all audit opinions provided were either 'effective' or 'effective with opportunity for improvement'.

Vacant posts have had an impact on the available staff resource during quarter one, which has impacted on the progression of the audit plan. However, two senior auditor posts have recently been recruited to and a CIPFA Trainee has been appointed to commence in July. Two Auditor positions became available, arising from one member of the team being promoted to Senior Auditor, and another leaving the team for an opportunity within the Adults, Housing and Communities directorate. After prompt advertising, shortlisted candidates have been invited for interview during July. One of the available posts is subject to a trial for potential redeployment in accordance with HR processes, to commence in July.

There will be a focus on increasing the coverage of the Audit Plan in quarter two. Audits will be allocated on a basis that provides the greatest assurance and value and mitigates any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2023/24.

## Report Status (as at 30 June 2023)

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Fundamental / High				
Effective	Purchasing Payments and Processing - In-year Testing 2022/23 (c. 2022/23)			Drafts
	Performance Management – Governance and Legal Services			Issued
	Performance Management – Children’s Services			
	School Asset Management - Thematic (Albany) (cf. 2022/23)			
	Welsh Government Covid Grants - Assurance (2021/22) (cf. 2022/23)			
	Performance Management – Economic Development (cf. 2022/23)			
	Performance Management – Adults, Housing & Communities			
Effective with opportunity for improvement	Whistleblowing Processes (cf. 2022/23)			Drafts
	Income and Debtors (cf. 2022/23)			Issued
	Payroll & HR - In-year Testing 2022/23 (c. 2022/23)			
	Partnership / Arms-length Assurance (cf. 2022/23)			
	Performance Management – Education & Lifelong Learning			
	Resources - Health and Safety (cf. 2022/23)			
	Ethics and Values (cf. 2022/23)			
	Pensions and Investments (cf. 2022/23)			
	Asset Management (cf. 2022/23)			
	Health and safety – Education (cf. 2022/23)			
	Complaints and compliments (cf. 2022/23)			
Insufficient with major improvement needed	School Asset Management - St Patricks Primary School (cf. 2022/23)	1		Draft Issued
	Contract Variations (cf. 2022/23)	1	1	
	Directorate PCI - DSS Compliance (cf. 2022/23)	1	1	
Medium				
Effective	Ysgol Bro Ederm (cf. 2022/23)			Draft Issued
Effective with opportunity for improvement	Schools with Surplus Balances – Thematic (cf. 2022/23)			Drafts
	Catering in Opted out schools (cf. 2022/23)			Issued
	Alarm Receiving Centre (cf. 2022/23)			
	Youth Offending Service			

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
	Harbour Authority (cf. 2022/23)			
	Cardiff Dogs Home (cf. 2022/23)			
	Follow up - Cardiff West Community High School (cf. 2022/23)			
	Waste Management Enforcement (cf. 2022/23)			
	Skip Hire (cf. 2022/23)			
	Eastern High School (cf. 2022/23)			
	Catering in opted out schools - Mary Immaculate (cf. 2022/23)			
	Catering in opted out schools – Cardiff HS (cf. 2022/23)			
	Catering in opted out schools - Whitchurch HS (cf. 2022/23)			
	Disposal of Land and Buildings (cf. 2022/23)			
	Catering in opted out schools - Greenhill School (cf. 2022/23)			
Unsatisfactory	Central Transport Service (cf. 2022/23)	2	2	
Grants / Accounts / External Bodies				
Effective with Opp' for Improvement	City Deal 2021/22 (cf. 2022.23)	0	0	
No assurance opinion given	Joint Committees - Prosiect Gwyrdd	Statement of Accounts Reviews / Certification / Support		
	Joint Committees - Port Health Authority			
	Joint Committees - Glamorgan Archives			



Draft Audit Plan 2023/24

Audit Category	Risk	Engagement Type	CIPFA Classification	Original audit plan 2022/23	Original Audit Plan 2023/24	Assignment	Days	Audit Scope	National Issue	Audit Output Status 30.06.23	Audit Opinion
<b>Fundamental Audits - S151 Assurance</b>											
Purchasing Payments and Processing	High	Assurance	Chargeable	50	50	In-year Testing 2022/23 (c. 2022/23)	0	Purchases and Payments are compliant, authorised, accurate and timely		Draft Issued	Effective
						CRSA	5	Purchases and Payments are compliant, authorised, accurate and timely			
						In-year Testing	25				
						Purchasing Cards	20				
Payroll & HR				50	50	In-year Testing 2022/23 (c. 2022/23)	0	As below		Draft Issued	Effective with Opportunity for Improvement
						CRSA	5	Recruitment processes are transparent and robust, leave processes are well governed, only bona fide, authorised and accurate payments are made, with effective prevention, detection and recovery of errors			
						In-year Testing	25				
						Time Recording	20				
Income and Debtors				0	0	Income and Debtors (cf. 2022/23)	0	Operation of appropriate arrangements to record, monitor and recover sundry debts.		Draft Issued	Effective with Opportunity for Improvement
						3	20	Income and Debtors		20	Operation of appropriate arrangements to record, monitor and recover sundry debts.
NNDR				0	20	NNDR	20	Business rate collection and control is working effectively and efficiently			
Treasury Management				0	20	Treasury Management	20	Effective treasury management strategy, governance, risk management and monitoring framework			
Main Accounting				0	20	Main Accounting	20	The main accounting system and processes are well controlled and operating effectively			
Asset Management				0	20	Asset Management	20	Effective recording, monitoring, management and control of physical assets			
Housing Rents	0	10	Housing Rents	10	Effective control processes are in place for managing and recovering housing rents						
Pensions and Investments	0	0	Pensions and Investments (cf. 2022/23)	0	Effective compliance and control	Final Issued	Effective with Opportunity for Improvement				
Asset Management	0	0	Asset Management (cf. 2022/23)		Effective recording, monitoring, management and control of physical assets	Final Issued	Effective with Opportunity for Improvement				
Council Tax			20	0							
HB / LHA/ CTRS			20	0							
<b>Total</b>				<b>143</b>	<b>210</b>		<b>210</b>				
<b>Corporate Audit</b>											
				<b>Original audit plan 2022/23</b>	<b>Original audit plan 2023/24</b>	<b>Assignment</b>	<b>Days</b>				
Risk Management	High	Assurance	Chargeable	15	15	Climate Change Risk Management	15	Risk management arrangements are effective and operated consistently			
Contract Audit				40	40	Contract Variations (cf. 2022/23)	0	Effective contract compliance, control and delivery of objectives		Final Issued	Insufficient with Major Improvement Needed
						Cradle to Grave Audit	20	Effective contract compliance, control and delivery of objectives			
						Framework Agreements	20				
Taxation				20	20	Taxation	20	Effective compliance and control.			
Procurement				20	20	Procurement	20	Effective and compliance commissioning and procurement compliance and control arrangements			
Mileage & subsistence				15	15	Mileage & Subsistence	15	Accurate claiming and authorisation for reasonable expenditure.			
Fleet Management				0	20	Fleet Management	20	Effective governance, risk management and control			
ICT Audit				30	30	Directorate PCI - DSS Compliance (cf. 2022/23)	0	Effective co-ordination, risk management and control		Final Issued	Insufficient with Major Improvement Needed
						Backup and Data Recovery	15	Effective governance, risk management and control			
	Cyber Security (Schools) – ICT Managed Technology	15	Effective governance, risk management and control								
National Fraud Initiative	10	10	National Fraud Initiative	10	Data matching counter-fraud exercise						
Value for Money studies	30	30	Value for money in use of Council Vehicles	15	Assurance on value for money in use of Council vehicles						
			Value for money in use of Overtime	15	Value for money in use of overtime						

Audit Category	Risk	Engagement Type	CIPFA Classification	Original audit plan 2022/23	Original Audit Plan 2023/24	Assignment	Days	Audit Scope	National Issue	Audit Output Status 30.06.23	Audit Opinion
Stores				10	10	Lamby Way Stores	10	Effective and efficient stores management, and stock / equipment control			
Education - SOP				20	20	Education - SOP	20	Delivery of objectives, with effective compliance and control			
Governance Arrangements				20	20	Governance Arrangements TBC	20	Audit of the application of good corporate governance arrangements			
Programmes and Projects				20	20	Programmes and Projects	20	Effective, clear and consistent project governance arrangements.			
System Development		TBC		30	30	Provision for System Development	30	Consultation or assurance services, as relevant.			
Wellbeing of Future Generations		Assurance		0	20	Wellbeing of Future Generations	20	Effective application of Wellbeing of Future Generations requirements.			
Business Continuity				0	20	Business Continuity	20	Effective business recovery and incident management systems.			
Information governance				0	20	Information Governance	20	Effective mechanisms and systems operated in accordance with the data protection act 2018			
Delegation and decision making				20	20	Delegation and decision making	20	Effective application of delegated authority and decision making			
Ethics and values				20	0	Ethics and Values (cf. 2022/23)	0	Policy and process alignment to principles of best practice ethics and values		Final Issued	Effective with Opportunity for Improvement
Ethics and values - Whistleblowing Processes				0	0	Whistleblowing Processes (cf. 2022/23)	0	Whistleblowing processes are compliant and effective		Draft Issued	Effective with Opportunity for Improvement
Welsh Government Covid Grants				20	0	Welsh Government Covid Grants - Assurance (cf. 2022/23)	0	Sample check of effective compliance and control in administering WG Grants	y	Final Issued	Effective
Complaints and Compliments				20	0	Complaints and Compliments (cf. 2022/23)	0	Effective arrangements and systems in place for handling complaints & compliments		Final Issued	Effective with Opportunity for Improvement
Partnership / Arms-length Assurance				20	0	Partnership / Arms-length Assurance (cf. 2022/23)	0	Effective governance, risk management and control arrangements		Draft Issued	Effective with Opportunity for Improvement
Health and safety				5	0						
Safeguarding				4	0						
Welsh Government Covid Grants - Assurance				20	0						
<b>Total</b>				<b>409</b>	<b>380</b>		<b>380</b>				
<b>Service Specific Audit</b>				<b>Original audit plan 2022/23</b>	<b>Original audit plan 2023/24</b>	<b>Assignment</b>	<b>Days</b>				
Service / Process Consultancy	High	Consultancy	Chargeable	40	30	Provision for Service / Process Consultancy	30	Consultancy support across the Council, as appropriate			
Resources	High	Assurance	Chargeable	60	40	Resources - Health and Safety (cf. 2021/22)	0	Directorate health and safety compliance and risk management.		Final Issued	Effective with Opportunity for Improvement
						Performance Management	15	Performance management arrangements are effective, and operated consistently.			
	Medium					Central Transport Service (cf. 2022/23)	0	Delivery of service objectives with effective compliance and control		Final Issued	Unsatisfactory
						Alarm Receiving Centre (cf. 2022/23)	0			Draft Issued	Effective with Opportunity for Improvement
						FOLLOW UP - Central Transport Service	10	Delivery of service objectives with effective compliance and control			
						Insurance	15				
Governance and Legal Services	High	Assurance	Chargeable	45	40	Performance Management	10	Performance management arrangements are effective, and operated consistently.		Draft Issued	Effective
	Medium					Electoral Services	20	Delivery of service objectives with effective compliance and control			
						Land Charges	10				
People and Communities	High	Assurance	Chargeable	40	30	Performance Management	15	Performance management arrangements are effective, and operated consistently.		Draft Issued	Effective
	Medium					Community Safety	15	Assurance on compliance with statutory requirements			
Adults, Housing & Communities	High	Assurance	Chargeable	154	125	Performance Management	15	Performance management arrangements are effective, and operated consistently.		Final Issued	Effective
	Medium					Hubs	10	Assurance on payroll, asset management, information governance, payment and income systems			
						Mental Health Day Services	15	Delivery of service objectives with effective compliance and control			
						Residential Care	15				
						Emergency Duty Team	15				
						Allocations, lettings and voids	20				
						Home Care	15				
Direct Payments - Children's and Adults	20										

Audit Category	Risk	Engagement Type	CIPFA Classification	Original audit plan 2022/23	Original Audit Plan 2023/24	Assignment	Days	Audit Scope	National Issue	Audit Output Status 30.06.23	Audit Opinion	
Childrens' Services	High	Assurance		40	40	Performance Management	15	Performance management arrangements are effective, and operated consistently.		Draft Issued	Effective	
	Medium					Youth Offending Service	15	Delivery of service objectives with effective compliance and control		Draft Issued	Effective with Opportunity for Improvement	
		Falconwood Children's Home				10						
Economic Development	High	Assurance		100	35	Statutory Compliance	8	Assurance on statutory compliance systems and controls			Final Issued	Effective
	Medium					Performance Management (cf. 2022.23)	0	Delivery of service objectives with effective compliance and control		Final Issued	Effective with Opportunity for Improvement	
						Harbour Authority (cf. 2022.23)	0			Final Issued	Effective with Opportunity for Improvement	
						Disposal of Land and Buildings (cf. 2022/23)	0			Final Issued	Effective with Opportunity for Improvement	
						Cardiff Dogs Home (cf. 2022.23)	0					
						Event Management (Cardiff Castle)	7	Delivery of service objectives with effective compliance and control				
						Pest Control	5					
						Commercial Waste	5					
Economic Development (Waste Management)				67	30	Facilities Management	10				Final Issued	Effective with Opportunity for Improvement
		Waste Management Enforcement (cf. 2022.23)	0				Final Issued	Effective with Opportunity for Improvement				
		Skip Hire (cf. 2022.23)	0									
		Waste Management Overtime	15									
Education and Lifelong Learning	High	Assurance	182	150	School Asset Management - Albany Primary School (cf. 2022.23)	0	Schools asset management compliance and control.		Final Issued	Effective		
					School Asset Management - St Patricks Primary School (cf. 2022.23)	0	Schools asset management compliance and control.		Draft Issued	Insufficient with Major Improvement Needed		
					Health and Safety (cf. 2022.23)	0	Directorate health and safety compliance and risk management.		Final Issued	Effective with Opportunity for Improvement		
					Performance Management	15	Performance management arrangements are effective, and operated consistently.		Draft Issued	Effective with Opportunity for Improvement		
	Medium				Ysgol Bro Edern (cf. 2022/23)	0	Audit of systems of governance and internal control within individual school		Draft Issued	Effective		
					Eastern High School (cf. 2022/23)	0	Audit of systems of governance and internal control within individual school		Final Issued	Effective with Opportunity for Improvement		
					Schools with Surplus Balances - Thematic (cf. 2022/23)	0	Effective compliance and control		Draft Issued	Effective with Opportunity for Improvement		
					Catering in Opted out schools (cf. 2022/23) - Corporate Report	0			Draft Issued	Effective with Opportunity for Improvement		
					Catering in opted out schools - Mary Immaculate (cf. 2022/23)	0			Final Issued	Effective with Opportunity for Improvement		
					Catering in opted out schools - Cardiff HS (cf. 2022/23)	0			Final Issued	Effective with Opportunity for Improvement		
		Catering in opted out schools - Whitchurch HS (cf. 2022/23)			0			Final Issued	Effective with Opportunity for Improvement			
		Catering in opted out schools - Greenhill School (cf. 2022/23)			0			Final Issued	Effective with Opportunity for Improvement			
		FOLLOW UP - Cardiff West Community High School (cf. 2022/23)			0			Final Issued	Effective with Opportunity for Improvement			
		School Admissions			15	Effective and well governed arrangements for school admissions						
		Secondary school audits * 4			30	Audits of systems of governance and internal control within individual schools						
		Primary school audits * 3			15							
		Schools VAT Assurance			15	Effective compliance and control						
		Cashless catering in secondary schools			15							
		Governor Services			15							
		Schools Information Management			20							
	Youth Service	10										
Planning, Transportation and Environment	High	Assurance	55	45	Performance Management	15	Performance management arrangements are effective, and operated consistently.		Draft Issued	Effective		
	Medium				Highways Maintenance	15						
					Planning	15						

Audit Category	Risk	Engagement Type	CIPFA Classification	Original audit plan 2022/23	Original Audit Plan 2023/24	Assignment	Days	Audit Scope	National Issue	Audit Output Status 30.06.23	Audit Opinion
<b>Total</b>				<b>783</b>	<b>565</b>		<b>565</b>				
<b>External</b>				<b>Original audit plan 2022/23</b>	<b>Original audit plan 2023/24</b>	<b>Assignment</b>	<b>Days</b>				
External clients	High	Assurance	Chargeable	25	35	City Deal 2021/22 (cf. 2022.23)	0	Scope as per rolling SLA	Y	Final Issued	Effective with Opportunity for Improvement
						City Deal 2022/23	10	Scope as per rolling SLA	Y		
	Low	Certification				Cardiff Further Education Trust Fund 2021/22 & 2022/23 - tbc	2	Grant certification / statement of accounts work			
						Norwegian Church Preservation Trust 2022/23 - tbc	2				
						Joint Committees	6				
						Education Improvement Grant 2022/23 - tbc	15				
<b>Total</b>				<b>25</b>	<b>35</b>		<b>35</b>				
<b>Contingencies</b>				<b>Original audit plan 2022/23</b>	<b>Original audit plan 2023/24</b>	<b>Assignment</b>	<b>Days</b>				
General Audit	TBC	TBC	Chargeable	10	70	General Audit (provision for carried forward audits / other work)	70	General Audit (provision for carried forward audits / other work)			
<b>Total</b>				<b>10</b>	<b>70</b>		<b>70</b>				
<b>Management</b>				<b>Original audit plan 2022/23</b>	<b>Original audit plan 2023/24</b>	<b>Assignment</b>	<b>Days</b>				
Corporate work – Audit Committee, Audit Wales etc.	Medium	Management	Chargeable	50	50	Corporate work – Audit Committee, Audit Wales etc.	50	Internal Audit management, planning, guidance and support activities.			
Assurance mapping		Management	Chargeable	15	20	Assurance mapping	20				
CRSA development		Management	Chargeable	10	10	CRSA development	10				
Process development		Management	Chargeable	15	15	Process development	15				
Work for Audit Manager		Management	Chargeable	15	30	Work for Audit Manager	30				
Planning, monitoring & reporting		Management	Chargeable	30	30	Planning, monitoring & reporting	30				
Review of financial rules etc.		Management	Chargeable	40	60	Review of financial rules etc.	60				
General advice and guidance		Management	Chargeable	10	20	General advice and guidance	20				
<b>Total</b>				<b>185</b>	<b>235</b>		<b>235</b>				
<b>Total chargeable days</b>				<b>1,555</b>	<b>1,495</b>		<b>1,495</b>				

## Executive Summary

### Central Transport Service (CTS)

#### Background

- 1 An Internal Audit review has been undertaken of the control environment of 'Central Transport Service (CTS)'. CTS is responsible for the management and maintenance of a fleet of over 1000 commercial and specialist vehicles, comprising heavy goods vehicles, goods vehicles, light commercial vehicles, buses, small cars and vans and plant equipment. CTS specialises in servicing and supporting the vehicles as well as offering MoT, vehicle testing and washing services to the public.
- 2 The objectives of the audit were to provide assurance that:
  - Strategy is aligned to corporate strategic priorities, and policies are clear, effective, and aligned to operational good practices.
  - Effective and well governed systems are operated in respect of purchasing and procurement, stock management, payroll, workshop, and wider operating activities.
  - There is compliance and control in respect of associated legislative and corporate requirements; and
  - Previous audit recommendations have been addressed by management.

#### Main Conclusions

- 3 The audit identified a number of control gaps that need to be addressed to provide the necessary assurance on good governance, risk management and systems of internal control, and an audit opinion of **unsatisfactory** has been allocated.
- 4 At a strategic level, a Fleet Strategy for the Council had not been finalised and a CTS Business Plan was considered to be required to define and set a sustainable business model with corporate and commercial aims and priorities for CTS, including charging and investment mechanisms. A service area risk register was not in place and is considered necessary to escalate and manage risk.
- 5 At an operational level, non-compliance was noted in contract controls and processes, although additional controls for spot hire contracts were promptly put in place in response during the audit. Incomplete lists of vehicles owned or leased by the Council for control, repair and maintenance assurance were found. Up to date and complete service level agreements were not available during the audit between CTS and service areas and required review and formalisation. Monitoring and oversight arrangements also need to be developed further and areas considered include CTS purchasing card use and authorisation, the system for taking vans home, the prompt raising of invoices, the monitoring of vehicle end of life, bunkered fuel processes and the alignment of overtime to business needs.
- 6 From the outset of the audit, the Operational Manager (OM), who had recently been tasked with overseeing CTS alongside their substantive post duties, engaged positively with Internal Audit, and discussed matters that they considered needed to be addressed from their initial observations and reviews. This assisted the audit, and it is noted that the OM has already taken positive steps to enhance systems and governance in place at CTS, including commissioning external reviews in several areas including Operational Licences ("O" licences), Health & Safety (Coleridge Road) and performance reporting elements within Tranman (the Council database used for monitoring vehicles and scheduling work).

## Recommendations For Action

- 7 The audit included thirty-four recommendations (two red, twenty-six red/amber and six amber/green).
- 8 Management have agreed all recommendations raised during the audit.

## Latest Position

- 9 A formal response has been received with a commitment to deliver all recommendations.
- 10 Internal Audit will continue to monitor the internal control environment through the recommendation tracker and regular discussions with management. A further follow up audit will be undertaken in line with the audit protocol.

## Recommendations Summary - ('Red' and 'Red / Amber' open recommendations)

Directorate / Area	No. of Audits	No. of Red Recs	No. of Red/ Amber Recs	'open recommendations' - by audit assurance rating					'open recommendation' by status				
				No. of Recs Effective	No. of Recs Effective with Opportunity for Improvement	No. of Recs Insufficient with major improvement needed	No. of Recs Unsatisfactory	No. of Recs N/A	No. of Recs with Amended Action Date	No. of Recs where action date has passed	Current target date not yet due		
Economic Development	9	2	20		19	3				18	0	22	
Education & Lifelong Learning - Schools	20	1	40		40	1				28	28	13	7 - overdue action where the evidence is under review by Internal Audit. 4 - overdue actions for which evidence has been requested, in order to close actions. 16 - overdue actions for which an update has been requested. 1 - recently overdue action where an update will be requested in due course.
Education & Lifelong Learning	12	4	19		13	8		2		17	11	12	9 - overdue actions, where an update is under review by Audit. 2 - overdue actions for which an update has been requested. 2 - N/A actions related to instance where Directorate was sampled as part of a wider corporate report, and an opinion was not provided at a directorate level.
Corporate Governance (Resources)	4		4		4					1	2	2	1 - overdue action for which an update has been requested. 1 - overdue action for which an update has not been provided.
External and Grants (Resources)	1		2		2					0	0	2	
Fundamental (Resources)	1		1		1					0	0	1	
Other Assurance (Resources)	1	1	2			3				2	3	0	3 - overdue actions for which an update has been requested.
Resources	4	4	23		3	8	16			6	9	18	1 - overdue action where evidence is under review by Audit. 3 - overdue actions where evidence has been requested in order to close action. 4 - overdue actions where an update is under review by Audit. 1 - overdue action where an update is pending.
Governance & Legal Services													
Planning, Transport & Environment	9	1	14		9	4		2		14	5	10	5 - overdue actions for which an update has been requested 2 - N/A actions related to instance where Directorate was sampled as part of a wider corporate report, and an opinion was not provided at a directorate level.
People and Communities													
Children's Services	4	2	3			4		1		5	0	5	1 - N/A action related to instance where Directorate was sampled as part of a wider corporate report, and an opinion was not provided at a directorate level.
Adults Social Services, Communities & Housing	2	1	2	1		2				2	0	3	
Social Services - General	2		2		1	1				2	0	2	
<b>TOTALS</b>	<b>69</b>	<b>16</b>	<b>132</b>	<b>1</b>	<b>92</b>	<b>34</b>	<b>16</b>	<b>5</b>		<b>95</b>	<b>58</b>	<b>90</b>	