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Resources Directorate
Internal Audit Section

CARDIFF
CAERDYDD

Internal Audit Progress Report
(as at 28 February 2021)

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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.

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.

- The Audit Plan 2020/21 was accepted by the Audit Committee through a period of consultation between 23 March – 3 April 2020, and received formal approval on 28 July 2020.
- To further clarify the priority areas of audit focus this year, against a performance target to deliver 60% of the original Audit Plan, the Audit Committee approved the deferral of 32 Audits on 17 November 2020.

This progress report provides a summary account of audit activities, findings and progress against the Audit Plan as at 28 February 2021.

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 Audit Committee for audit-related matters. There have been no impairments of independence or objectivity.

1.3 Continuing professional development

Auditors completed their year-end personal reviews and formalised their objectives for 2020/21 in accordance with corporate timescales. Prior to discussing performance, auditors updated their skills assessments applying 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. Areas of the IIA Professional Competencies Framework where auditors scored themselves comparatively lower are being targeted through in-house team training sessions, which commenced in May 2020.

2. Summary of Work Performed

The following summary covers the work programme for 2020/21, and the associated activities, resources, findings and measures of performance as at 28 February 2021.

2.1 Current activities

COVID-19 related consultancy services

As Audit Committee has been advised since the onset of the pandemic, significant audit attention has been given to providing critical advice and support to management as the Council adapted services and established new systems in response to the crisis. Consultation and engagement was provided in cases where there was a need for fundamental process change, a risk to resilience, the need to respond to a significant obligation or challenge as a result of the crisis, or a particular fraud or control risk.

Since quarter two, and thereafter, the majority of audit consultancy and support has been provided in respect of the administration of Welsh Government funds for a range of grant and relief payment schemes. As administration responsibilities are allocated to the Council for further schemes, audit colleagues will continue to be available to provide advice and guidance on the design and application of robust controls.

COVID-19 consultancy is recognised as three separate areas of audit work within the Audit Plan 2020/21, contained within the 100 days of bulk audit time available. The following table contains details of the COVID-19 consultancy work undertaken in the year to date.

Figure 1. COVID-19 consultancy work and status.

Scope	Area	Scope	Status
1. New system checks. compliance, internal controls and counter-fraud	Start-up grants	Supporting a multidisciplinary team with advice and guidance on design of the system through which grants were administered and paid.	Completed
	Business grant administration	Supporting a multidisciplinary team with advice and guidance on design of the system through which grants were administered and paid.	Completed
	Wales culture recovery fund – freelancer support	Supporting a multidisciplinary team with advice and guidance on design of the system through which grants were administered and paid.	Completed
	Isolation payments	Supporting a multidisciplinary team with advice and guidance on design of the system through which grants were administered and paid.	Completed
	Lockdown grant	Supporting a multidisciplinary team with advice and guidance on design of the system through which grants were administered and paid.	Completed
	Restrictions business fund	Supporting a multidisciplinary team with advice and guidance on design of the system through which grants were administered and paid.	Completed
	Supplier relief	Discussion and engagement with commissioning and procurement and schools	Completed
	Coronavirus childcare assistance scheme	Advice and guidance on processes and controls in the system for processing and administering payments.	Completed
	Childcare provider grant	Advice and guidance on processes and controls in the system for processing and administering payments.	Completed
	Care workers £500 payment scheme	Advice and guidance on processes and controls in the system for processing and administering payments.	Completed
	Statutory sick pay enhancement scheme	Advice and guidance on processes and controls in the system for processing and administering payments.	Completed
	Childcare provider support (CWTCH) grant	Advice and guidance on processes and controls in the system for processing and administering payments.	Completed
	Restrictions Business Fund – Extension Grant	Advice and guidance on processes and controls in the system for processing and administering payments.	Ongoing
2. Resilience, continuity & control. Consultancy	Procure to pay	Advice and guidance in procurement systems and managed use of procurement cards.	Completed
	Procurement cards	Advice and guidance in procurement systems and managed use of procurement cards.	Completed
3. Counter-fraud prevention & post assurance checks.	Business grant administration	Active company checks, and validation of eligibility and fraud vulnerabilities for fraud prevention and detection.	Completed

Assurance audit engagements

As Audit Committee has been advised previously, at the outset of the financial year initial focus was given to the conclusion of audits which were already underway. Audits were progressed on a low impact on the capacity of the client, through an increased use of desktop testing, data and system interrogation, and a reduction in the level of management engagement during audit fieldwork where appropriate and feasible. Towards the end of quarter one, when Council services were moving to a documented and managed 'restart' across directorates, the audit team commenced a targeted delivery of assurance audit engagements from the Audit Plan.

Auditors have continued to complete their work while working remotely from home and, although it is noted that it can take longer than usual to receive all of the information and documents necessary to complete an audit, the process is generally working well. This year any site visits are considered on the basis of business necessity only, and supported by authorised risk assessments and control processes.

The table below shows the list of audits completed and their reporting status in the current year to 28 February 2021. There have been 58 new audit engagements completed this year, of which 38 audits have been finalised and 20 audits are at draft output stage. A further 26 draft audits from last year have been finalised in the year to date. A summary of the audit outputs and opinions in the year to date is shown below.

Figure 2. Audit outputs and opinions (at 28 February 2021)

Status	Number of completed audits	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient (major improvement needed)	Unsatisfactory	No opinion given
Draft	20	1	14	4	1	0
Final	64	11	29	12	0	12
TOTAL	84	12	43	16	1	12
	58	New Audit Engagements completed				
	26	Finalised Audit Engagements from 2019/20				

Since the last reporting period, one draft audit output has been issued with a draft opinion of insufficient with major improvement needed, for which information on the findings is provided within Section 2.4 (Critical Findings or Emerging Trends).

Figure 3. Breakdown of audit outputs and opinions (at 28 February 2021)

No.	Assurance Audit Engagement	Audit Opinion
	Delivery of Audit Plan 2020/21	
1.	Governance and Legal Services – Commissioning & Procurement	Effective
2.	Codes of Conduct	Effective
3.	Payroll – In-year Testing (2019/20)	Effective
4.	Payroll – In-year Testing (2020/21)	Effective
5.	Governance Arrangements 2020/21	Effective
6.	Business Grants Assurance	Effective
7.	People and Communities – Commissioning and Procurement	Effective
8.	Governance and Legal Services - Income and Debtors	Effective
9.	Digital Services - Hybrid Mail	Effective with opportunity for improvement
10.	Health and Safety - Resources	Effective with opportunity for improvement
11.	Programme and Project Risk Management	Effective with opportunity for improvement
12.	Directorate Risk Management	Effective with opportunity for improvement
13.	Complaints and Compliments	Effective with opportunity for improvement
14.	City Deal 2019/20	Effective with opportunity for improvement
15.	PTE - Trolleys	Effective with opportunity for improvement
16.	Pensions and Investment In-year testing	Effective with opportunity for improvement
17.	Resources – Commissioning & Procurement	Effective with opportunity for improvement
18.	PTE – Commissioning & Procurement	Effective with opportunity for improvement
19.	People & Communities – Asset Management	Effective with opportunity for improvement
20.	Recruit	Effective with opportunity for improvement
21.	Economic Development – Commissioning & Procurement	Effective with opportunity for improvement
22.	Education Improvement Grant 2019/20	Effective with opportunity for improvement
23.	Corporate Landlord	Effective with opportunity for improvement
24.	Follow up – Contacts in Waste Management	Effective with opportunity for improvement
25.	Follow up – Income Procedures in School Kitchens	Effective with opportunity for improvement
26.	Commissioning and Procurement - Education	Effective with opportunity for improvement
27.	Income and Debtors - Education	Effective with opportunity for improvement
28.	Income and Debtors – Social Services	Effective with opportunity for improvement

No.	Assurance Audit Engagement	Audit Opinion
29.	Additional Payments (payroll & allowances)	Effective with opportunity for improvement
30.	Follow up – Pontprennau Primary	Effective with opportunity for improvement
31.	People and Communities – Income and Debtors	Effective with opportunity for improvement
32.	Follow up – St Peters R.C Primary	Effective with opportunity for improvement
33.	Programme and Project Governance -	Effective with opportunity for improvement
34.	Economic development - Income and Debtors	Effective with opportunity for improvement
35.	Insurance	Effective with opportunity for improvement
36.	IT Business Continuity	Effective with opportunity for improvement
37.	Taxation	Effective with opportunity for improvement
38.	PTE - Asset Management	Insufficient with major improvement needed
39.	Street Scene (Waste Management) - Asset Management	Insufficient with major improvement needed
40.	Social Services – Commissioning & Procurement	Insufficient with major improvement needed
41.	Bereavement Services	Insufficient with major improvement needed
42.	Gatehouse	Insufficient with major improvement needed
43.	Mileage and Subsistence	Insufficient with major improvement needed
44.	Follow up – Fly Tipping	Insufficient with major improvement needed
45.	Cardiff Bus Governance	Insufficient with major improvement needed
46.	British Council Grants	Unsatisfactory
Audit Work with 'No Opinion'		
47.	Joint Committees - Prosiect Gwyrdd	Consultancy, certification, advice and guidance
48.	Joint Committees - Port Health Authority	Consultancy, certification, advice and guidance
49.	Joint Committees - Glamorgan Archives	Consultancy, certification, advice and guidance
50.	New system checks - compliance, internal controls and counter-fraud	Consultancy, certification, advice and guidance
51.	Resilience, continuity & control - Consultancy	Consultancy, certification, advice and guidance
52.	Counter-fraud prevention & post assurance checks	Consultancy, certification, advice and guidance
53.	Payroll CRSA	Consultancy, certification, advice and guidance
54.	Creditor payments CRSA	Consultancy, certification, advice and guidance
55.	Schools CRSA	Consultancy, certification, advice and guidance
56.	Private Rental Leasing Scheme	Consultancy, certification, advice and guidance

No.	Assurance Audit Engagement	Audit Opinion
57.	Cardiff Further Education Trust Fund 2019/20	Consultancy, certification, advice and guidance
58.	Rumourless Cities	Consultancy, certification, advice and guidance
Concluded Reports from the prior year		
59.	Health and Safety - People and Communities	Effective
60.	Major Projects Governance	Effective
61.	Creditors - mid year testing 2019/20	Effective
62.	Digital Services - Virtual Agent	Effective
63.	Health & Safety - PTE	Effective with opportunity for improvement
64.	Health and Safety - Economic Development	Effective with opportunity for improvement
65.	Income collection - Cardiff High School	Effective with opportunity for improvement
66.	Governance Arrangements 2019/20	Effective with opportunity for improvement
67.	Performance Management	Effective with opportunity for improvement
68.	Safeguarding - follow up	Effective with opportunity for improvement
69.	NNDR in-year testing	Effective with opportunity for improvement
70.	Lamby Way Stores - Follow Up	Effective with opportunity for improvement
71.	Pentyrch Primary School	Effective with opportunity for improvement
72.	Health and Safety – Social Services	Effective with opportunity for improvement
73.	Foster Carers	Effective with opportunity for improvement
74.	Health and Safety – Governance and Legal Services	Effective with opportunity for improvement
75.	Learning Disabilities	Effective with opportunity for improvement
76.	Norwegian Church Preservation Trust 2018/19	Effective with opportunity for improvement
77.	Economic Development - Asset Management	Insufficient with major improvement
78.	IT inventory and asset management	Insufficient with major improvement
79.	Cardiff Film Office	Insufficient with major improvement
80.	Health and Safety - Waste Management	Insufficient with major improvement
81.	Social Services – Asset Management	Insufficient with major improvement
82.	Resources – Asset Management	Insufficient with major improvement
83.	Social Services – Direct Payments	Insufficient with major improvement
84.	Domiciliary Care	Insufficient with major improvement

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

Figure 4. Completed audits without an assurance opinion (at 28 February 2021)

Audit	Comments
Joint Committees - Prosiect Gwyrdd	Work to support completion of Statement of Accounts, 2019/20.
Joint Committees - Port Health Authority	Work to support completion of Statement of Accounts, 2019/20.
Joint Committees - Glamorgan Archives	Work to support completion of Statement of Accounts, 2019/20.
New system checks - compliance, internal controls and counter-fraud	COVID-19 advice and guidance on establishing new systems and processes.
Resilience, continuity & control - Consultancy	COVID-19 advice and guidance in procurement systems and managed use of procurement cards.
Counter-fraud prevention & post assurance checks	Participation in data analytics and follow up checks to identify ineligible / fraudulent business grant cases.
Payroll CRSA	Control Risk Self-Assessment (CRSA) responses received. The assertions made in the management responses will be followed up with detailed audit testing during the year, at which time an audit opinion will be allocated.
Creditor payments CRSA	Control Risk Self-Assessment (CRSA) responses received. The assertions made in the management responses will be followed up with detailed audit testing during the year, at which time an audit opinion will be allocated.
Schools CRSA	Control Risk Self-Assessment (CRSA) prepared, presented to School Budget Forum and issued to schools for completion by the end of January 2021. The assertions made from Schools are being checked in the returns and supporting evidence received, with guidance provided as appropriate.
Private Rental Leasing Scheme	Advice and guidance on the development of effective controls in the scheme.
Cardiff Further Education Trust Fund 2019/20	Grant Certification for 2019/20.
Rumourless Cities	Grant Certification for 2019/20.

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

2.2   Resources

At the end of quarter three, a Principal Auditor left the team to work within the Accountancy Section. The audit post is considered as essential, and was promptly advertised. The recruitment exercise was successful, and the new post holder was an external candidate who is scheduled to commence at the beginning of May 2021.

The COVID-19 crisis has significantly affected the activities and capacity of audit clients, and it also had a material impact on the capacity of the audit team and the audit resources. The audit team has followed corporate guidance, whereby officers received special leave for periods that they have needed to care for dependants and have been unable to work. The team has shown personal flexibility which has limited the use of special leave as far as possible.

In previous audit progress reports this year, Audit Committee was advised that available staff resources have also been impacted by an increased level of sickness and bereavement leave. During quarter four (to date) one long-term sickness case has been ongoing. Given the relatively small team size, any cases of long-term sickness affect the level of progress that can be made against the Plan in each reporting period.

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 1,345.8 chargeable days as at 28 February 2021, against a pro-rata plan of 1,727.9 days, showing that the team has been operating at a chargeable capacity of circa 78% of planned. The audit targets for delivery of the Audit Plan 2020/21, as set out in section '3.3 - Performance', are based on delivery at 75% of the level targeted under normal conditions, given the current environment.

As advised in January 2021, one member of the team is commencing their study for ISACA's Certified Information Systems Auditor (CISA) qualification, to enhance the IT audit skills within the team. One member of the team continues to be supported through a CIA qualification with the IIA, and is working towards their third and final exam.

2.3   Annual plan

In considering the Audit Plan in March 2020, and in giving formal approval on 28 July 2020, the Audit Committee was advised that due to a range of factors linked with the COVID-19 crisis, delivery would be significantly lower than usual. The Plan was built on auditor and client availability and capacity in a normal operating environment, but targeted delivery of the Plan was set at 60% for the year, for which the typical target is 80%.

On 17 November 2020, Audit Committee agreed a targeted deferral of 32 audit engagements from the Audit Plan, to provide a clear risk-based focus on the areas where

audit resources would be targeted. There has been limited subsequent change to the Audit Plan, and no changes are proposed since the last reporting period.

Following a strong performance against the Plan in quarter 3, as reported to Committee in January 2021, the team has issued six audit outputs in quarter four to date. At the time of writing, many audits are either at report drafting stage or in a process of audit fieldwork, and five audits are at planning stages.

The table below shows the position in respect of audits which are ongoing, each of which are targeted for completion by the financial year-end. If each of these audits are completed as planned, delivery of the Plan will be in the region of 56%, which is short of the target of 60%, although in the current unprecedented environment it would be considered as an effective outcome. Any slippage in delivering the following audits would affect the performance against this measure, for which monitoring and support arrangements are in place.

Figure 5. Status of audits targeted for completion by the financial year-end

Audit	Status (28.02.21)
Children's Placements (including out of county)	Report Drafting
Norwegian Church Preservation Trust 2019/20	Report Drafting
Dominions Way Temporary Stores	Audit Fieldwork
Risk Based Verification	Audit Fieldwork
Creditor payments - year end 2019/20 & Mid-Year 2020/21	Audit Fieldwork
Housing Benefit / Local Housing Allowances / C Tax Reduction Scheme	Audit Fieldwork
Recycling in HWRCs	Audit Fieldwork
Cardiff West Community High School	Audit Fieldwork
St. Cuthbert's R.C Primary School	Audit Fieldwork
Education - SOP Review of Band B	Audit Fieldwork
Payment Card Industry (chip and pin devices)	Audit Fieldwork
Waste Management Consultancy	Ongoing
Council Tax	Audit Planning
Wellbeing of Future Generations	Audit Planning
Contract Monitoring & Management	Audit Planning
Change and patch management controls	Audit Planning
National Fraud Initiative	Audit Planning

In respect of schools, priority has been given to maximising completion and review of CRSA responses. All schools have been required to participate in a CRSA exercise, requiring them to respond to a detailed set of control statements, to identify actions for improvement in the event of any gaps, and to provide a portfolio of evidence to support the assertions made within their returns. A large desktop sample review of CRSA returns is underway to provide a breadth of baseline assurance across schools to support the annual audit opinion.

It should also be noted that a significant amount of COVID related consultancy work delivered, whilst critical in nature, is represented as three units of audit work. This work, as detailed in Figure 1 of '2.1 – Current Activities', has been essential and will continue alongside the wider assurance audit plan.

Whilst set on an annual basis, the Audit Plan is adaptable and responsive and will be subject to ongoing risk assessment, prioritisation and review to maximise assurance and management support. In-year changes may be introduced where appropriate, to respond to emerging risks and issues. The position against the full Audit Plan is contained in agenda item 7.1 (annex 6), and is therefore not included as an appendix to this report to avoid duplication.

2.4   Critical findings or emerging trends

In early March, following the end of the reporting period, the audit of British Council Grants was finalised. This audit received an unsatisfactory assurance opinion, and was reported to Audit Committee at the draft report stage on 26 January 2021. The report has now been finalised and accordingly, an executive summary report is included within **Appendix B** for Audit Committee information.

Over the short reporting period since the Committee's last update, one draft audit output was issued with an opinion of insufficient with major improvement needed. The findings are being discussed with management and, once finalised, the final opinion and recommendations will be reported to Audit Committee.

The Audit of 'Cardiff Bus Governance' instigated by the Section 151 Officer as part of a package of viability support to Cardiff Bus agreed by Council in October 2020, provided an opinion of 'insufficient with major improvement needed'. The audit recognised that the Council has been undertaking a concerted package of improvement actions to address

the governance of Cardiff Bus alongside a new management team within the Company, including the appointment of two non-executive member roles within the Board, and a number of actions to strengthen company viability including the production of a turnaround plan by the Board which included working with the Council to assist in addressing pension fund matters and achieving a return to profit. The initiation of a governance review with Internal Audit was made with a management recognition of the need for further improvements.

From a Council perspective, whilst it was noted that the Council meeting reports of October 2020 contained a detailed account of key risks relating to Cardiff Bus, these risks had not been captured in relevant Council risk registers for mitigating actions to be recorded and monitored as part of the Council's risk management strategy, or within senior management assurance statements (SMAS). The audit considered that the Council should appropriately represent and embed the reporting on relevant Cardiff Bus matters of governance and risk through these mechanisms. It is also recommended that the Council should consider and once determined, communicate its performance reporting requirements with Cardiff Bus, how it fits into the Council's governance framework, and incorporate into meeting forward plans. At the time of the review, consideration was being given to the alignment of financial reporting with the Council, which would provide timely assurance and oversight of the financial position of Cardiff Bus. Observations have also been provided to the Section 151 Officer in respect of the development of Cardiff Bus risk management arrangements, operational processes and oversight and project management, which should be discussed with Cardiff Bus Management / Board Members, for relevant assurance.

2.5   Value for money findings

There were no value for money themed audits undertaken 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.

3.   Audit Performance and Added Value

3.1   Added value

Relationship Management meetings have continued to be held on a quarterly basis with senior officers in each directorate. Particular focus has been 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. Attention has also been given to discussing progress against the delivery of audit recommendations and the finalisation of audit reports.

Feedback from audit clients has been positive in the year to date. Thirty-four questionnaire responses have been received and, accounting for all areas responded to (covering communication, advice, reporting and performance), satisfaction is 98.5%. In all feedback responses received clients advised that the audit 'added value'.

In the audit outputs issued to date (as at 28 February 2021), there have been 417 recommendations made: 236 recommendations have been agreed, and the remaining 181 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	33	14	19
Red / amber	178	99	79
Amber / green	176	103	73
Green	30	20	10
TOTAL	417	236	181

3.2   Performance

As outlined in section 2.1 ('Current Activities'), the focus of audit work at the start of the financial year was to provide audit consultancy and support to areas where Council services needed to change and adapt to the crisis. This was followed by a more formal commencement of assurance audit engagements and a managed return to business as usual in June 2020, at the time when services has commenced a formal 'restart' phase. This assurance work ramped up during quarter three, and targets were set for quarter four as outlined in 2.3 ('Annual Plan).

As outlined in 2.2 ('Resources'), there are various reasons why the audit service has been operating at a lower capacity, and in some cases efficiency, than usual. In recognition of the current environment, which can impact on the capacity and availability of both auditors and clients, performance targets were lowered from their usual levels, and set at stretching but more realistic levels for the year, and discussed with Audit Committee in July and shown in Figure 7.

The performance position in respect of quarter three was provided to Audit Committee in January 2021, with relevant commentary, and is provided below for reference ahead of the quarter four statistics which will be collated following the financial year-end.

Figure 7. Performance against targets for 2020-2021 (as at the end of Q3)

Performance Indicator	2019/20 Outcome	2020/21 Target	Q1 Outcome	Q2 Outcome	**Q3 Outcome**
The percentage of the Audit Plan completed	70%	60%	9%	20%	**38%**
The average number of audit productive days per FTE	169	130	33	67	**109**
The average number of finalised audits per FTE	11	9	*0.54	2.48	**5.06**
The percentage of draft audit outputs delivered within six weeks	86%	85%	100%	100%	**100%**
The percentage of audit recommendations implemented within the agreed timescale	60%	80%	**0%	50%	**82%**

*   Draft reports not chased up to be finalised in Q1, to allow for attention on COVID-19 priorities.
** Implementation of recommendations not chased up in Q1, to allow for attention on COVID-19 priorities.

The regime of chasing up management responses to recommendations and finalising audits is in ongoing. The status of each audit is shown in Appendix A, and the positon in respect of recommendations is detailed in 3.4, and the referenced appendices.

3.3   Audit opinion – development

During the financial year, the Audit Plan and approach to delivery has been adapted in order to target assurance on key risks and controls, and to provide a body of assurance work which is adequate to support a full annual opinion on the Council's control environment. This has included adding a substantial provision in the Plan for COVID-19 related audit consultancy work, setting a prioritised approach to auditing fundamental systems and corporate governance, and progressing a targeted spread of wider assurance work.

All decisions in respect of the Plan have been made within appropriate attention to risk, professional standards and advisories from CIPFA and the IIA, and the advice of professional and peer officers. Audit Committee was provided with a copy of the CIPFA guidance which has been published in January ('Head of Internal Audit Annual Opinions').

Subject to the reasonable delivery of the audit engagements, and the school CRSA review, as referred to in 2.3 ('Audit Plan'), it is not anticipated that a limitation to the annual opinion on the Council's control environment will be necessary. However, peer and

professional discussions / reviews are continuing and will inform the approach taken to reporting following the financial year-end.

3.4   Recommendations

A summary of the open audit actions is included within **Appendix C**, to support the Audit Committee to monitor and review the management response to recommendations raised.

Included within **Appendix D** are the red and red/amber open recommendations including the current management response for the information and monitoring of the Audit Committee. **Appendix E** contains the red and red/amber recommendations, which have been completed since they were last considered by Audit Committee. Amber / green and green recommendations are provided to Committee via a separate route.

The position against recommendations is reported, to monitor progress and target discussions on the effective management of risk management, in relationship management meetings each quarter.   The table below shows the instances where implementation dates have been revised, typically by audit clients on SharePoint (as at 28.02.21).

Figure 8. Revised recommendation implementation dates and status

Directorate / Audit Category	Number of recommendations with revised dates	Actions now implemented	Actions still open
Education and Lifelong Learning	41	11	30
Social Services	30	11	19
Resources	9	4	5
People and Communities	4	2	2
Planning, Transport and Environment	26	9	17
Waste Management	66	45	21
Central Transport Services	9	7	2
Economic Development	25	21	4
External and grants	8	2	6
Fundamental	10	7	3
Corporate Governance	17	8	9
Governance and Legal Services	3	1	2
Other assurance	18	11	7
	266	139	127
Schools	193	136	57
TOTAL	459	275	184

NB - It should be noted that the table above represents the position as at 28 February 2021, 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

The Audit Team has continued to provide advice, guidance and support services to management as systems and processes have responded to the crisis, albeit resource requirements for this work have reduced during the course of the year. The majority of COVID-19 related consultancy services now relate to the provision of advice and guidance on the application of effective controls in administration of a range of Welsh Government funds.

A number of audits are targeted for delivery by the financial year-end. If each of these audits are completed as planned, delivery of the Plan will be in the region of 56%, which is short of the target of 60%, although in the current unprecedented environment it would be considered as an effective outcome. Any slippage in concluding audits would impact the performance measure, for which monitoring and support arrangements are in place.

All schools have been required to participate in a CRSA exercise, to respond to a detailed set of control statements, identify actions for improvement in the event of any gaps, and to provide a portfolio of evidence to support the assertions made within their returns. A large desktop sample review of CRSA returns is underway to provide a breadth of baseline assurance across schools.

Subject to the reasonable delivery of the audit engagements, and the school CRSA review planned, it is not anticipated that a limitation to the annual opinion on the Council's control environment will be necessary. Peer and professional discussions / reviews are continuing and will inform the approach taken to reporting following the financial year-end.

Report Status (as at 28 February 2021)

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Fundamental / High				
Effective	People and Communities – Commissioning & Procurement			Draft Issued
	People and Communities - Health and Safety			
	Creditor Payments – in-year testing 2019/20			
	Codes of Conduct			
	Governance Arrangements 2020/21			
	Governance and Legal Services – Commissioning & Procurement			
	Payroll In-year Testing (2019/20 & 2020/21)			
	Governance and Legal Services – Income and Debtors			
	Business Grants - Assurance			
Effective with opportunity for improvement	Ethics and Values - Business and Personal Interests			Drafts Issued
	Resources - Health and Safety			
	Programme and Project Risk Management			
	Directorate Risk Management			
	Education – Income and Debtors			
	Social Services – Income and Debtors			
	IT Business Continuity			
	Education - Commissioning and Procurement			
	Safeguarding - follow up			
	Recruit			
	Complaints and Compliments			
	Pensions and Investment In-year testing			
	Resources – Commissioning & Procurement			
	PTE – Commissioning & Procurement			
	People and Communities – Asset Management			
	Social Services – Health and Safety			
	NNDR in-year testing			

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
	PTE - Health and Safety			
	Governance & Legal Services – Health and Safety			
	Governance Arrangements 2019/20			
	Performance management			
	Corporate Landlord			
	Additional Payments (payroll & allowances)			
	People and Communities – Income and Debtors			
	Economic Development – Income and Debtors			
	Economic Development – Health and Safety			
	Economic Development – Commissioning & Procurement			
	Insurance			
Insufficient with major improvement needed	Education – Asset Management	1		Draft Issued
	Mileage and Subsistence	1		Draft Issued
	Econ Development - Asset Management	1	1	
	PTE - Asset Management	1	1	
	Street Scene (Waste Management) - Asset Management	1	1	
	Social Services - Asset Management	1	1	
	Waste Management – Health and Safety	1	1	
	Social Services – Commissioning & Procurement	1	1	
	IT inventory and asset management	1	1	
	Direct Payments	2	2	
	Resources – Asset Management	1	1	
Medium				
Effective	Counter-fraud arrangements - Willows			Draft Issued
	Major Projects Governance			
	Digital Services - Virtual Agent			
Effective with opportunity for improvement	Ysgol Plasmawr – ICT Governance			Draft Issued
	Audit of Scrutiny Functions			
	Kitchener Primary - Counter-fraud arrangements			
	Follow Up - Contracts in Waste Management			

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
	Follow Up - Income Procedures in School Kitchens			
	Follow Up - Pontprennau Primary			
	Follow Up - St Peters R.C Primary	2		
	Programme and Project Governance			
	Taxation			
	Income collection in schools – Cardiff High			
	Trolleys			
	Pentyrch Primary School			
	Lamby Way stores - follow up			
	Foster Carers			
	Digital Services - Hybrid Mail			
	Learning Disabilities			
Insufficient with major improvement needed	Fleet Management (pool cars, grey fleet, etc.)	1		Draft Issued
	Music Service - follow up	2		
	Gatehouse	2		
	Follow up – Fly Tipping	2		
	Cardiff Bus - Governance	1		
	Film Unit	1	1	
	Bereavement	2	2	
	Domiciliary Care	1	1	
Unsatisfactory	British Council Grants	7		Draft Issued
Grants / Accounts / External Bodies				
No assurance opinion given	Joint Committees - Prosiect Gwyrdd	Statement of Accounts Reviews / Certification / Support		
	Joint Committees - Port Health Authority			
	Joint Committees - Glamorgan Archives			
	Cardiff Further Education Trust Fund 2019/20			
	Rumourless Cities			
Effective with opportunity for improvement	Education Improvement Grant 2019/20			Draft Issued
	Norwegian Church 2018/19			
	City Deal 2019/20			

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
	Other assignments			
No assurance opinion given	New system checks - compliance, internal controls and counter-fraud	COVID-19 Consultancy		
	Resilience, continuity & control- Consultancy			
	New system checks - compliance, internal controls and counter-fraud			
	Private Rental Sector Leasing Scheme	Consultation & Guidance		
	Payroll CRSA	Control Risk Self Assessment		
	Creditor payments CRSA			
	Schools CRSA			

Executive Summary
British Council Grants

Background

1   An audit review has been undertaken of the control environment in the administration of British Council Grants by International School Linking (ISL), which is a Council-run service to support schools to develop a global dimension across the curriculum. It started in 2012 (when advisory services across Wales were reorganised) and became a traded service, for which schools have paid a subscription.

2   Since 2014, the grants have been funded by Erasmus+ and the council has been able to apply for consortium applications under Key Action (KA) 1, KA2 and CPD funding. Under KA1, teachers travel to see educational practice in other countries; under KA2 projects there are more intellectual outputs and travel / meetings required. Erasmus+ is the European Union programme for (inter alia) education and training, and is open to countries in Europe and beyond.

Main Conclusions

3   The audit reported a number of control gaps that need to be addressed by management to provide the necessary assurance on good governance in the administration of funds, and an audit opinion of **unsatisfactory** has been allocated.

4   Processes to code income and expenditure were insufficient and not reconciled at individual project-levels in respect of funding claimed and applied, for which a full reconciliation is required with the engagement of the grant awarding body, to ensure terms and conditions are met.

5   Improvements were required across processes, including accounting for delegates, procurement card oversight, information management, and to formalise arrangements and funding for office accommodation at Greenway Primary School. Whilst audit colleagues were advised that relevant business and personal interests had been communicated and discussed with management, declarations were not formally completed.

6   The audit has also raised a need for control improvements in the operating environment, as a lead Council officer has been a lead officer and director of a separate entity, to whom Council and private staff members reported and worked in a shared office. Management have been strongly advised to physically separate the Council and non-Council entities, to ensure that all business interests are properly disclosed, and that the practicalities of any Council officer working for both entities are fully considered, with the engagement of HR People Services.

Recommendations for Action

7   The audit included nineteen recommendations (seven red, six red/amber and six amber/green).

8   Management have agreed all of the nineteen recommendations raised during the audit.

Latest Position

9   Management have agreed to deliver all recommendations, through a review and update of operational processes and oversight with the engagement of colleagues in HR People Services and Information Governance, and support in financial system design and reconciliation from Finance colleagues.

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.

Recommendation 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 Limited	No. of Recs with Amended Action Date	No. of Recs where action date has passed	Current target date not yet due
Corporate Governance (Resources)	2		2		2				1	0	2
Economic Development	3		4		3	1			2	0	4
Economic Development - Waste /RNS	5	1	11		2	3	7		12	6	6
Education & Lifelong Learning - Schools	11	6	41		13	15	19		47	24	23
Education & Lifelong Learning	8	9	21		13	4	13		4	0	30
External and Grants (Resources)	1		4		4				4	0	4
Governance & Legal Services	2		2		2				2	0	2
Planning, Transport & Environment	6	3	14		5	11		1	8	3	14
Fundamental											
Other Assurance											
People and Communities	4	1	10		6	5			4	1	10
Resources	5	1	6		3	4			4	1	6
Adult's, Housing & Communities	3	3	9			12			7	1	11
Children's Services	1		1		1				1	0	1
Social Services - General	3	1	3		1	3			3	0	4
TOTALS	54	25	128	0	55	58	39	1	99	36	117

6 overdue actions have reviewed as part of a follow-up audit, and will be superseded once the report is finalised (Contracts in Waste Mgt)

19 overdue actions actions have been reviewed as part of a follow up audit, and will be superseded once the report is finalised (St Peter's)

Audit Recommendations Tracker

By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A
of the Local Government Act 1972

Document is Restricted