



Resources Directorate Internal Audit Section



Internal Audit Progress Report (as at 30 June 2024)

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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 2024, and follows the updates provided in the last Committee meeting held on 26 March 2023. This report is structured to provide a summary account of audit activities and outcomes in March 2023 to conclude reporting on 2023/24, followed by an outline of the audit activities and progress made against the Audit Plan 2024/25.

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 2024/25. 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 Internal Audit Team.

1.4 Conformance with Audit Standards

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 of Monmouthshire / Newport Councils. The assessment 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 2023/24, followed by a second section which covers the work programme for 2024/25, and the associated activities, resources, findings, and measures of performance in quarter one 2024/25.

Conclusion of 2023/24

2.1 Audit Plan 2023/24

In March 2023/24, fourteen 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 2024 audit outputs and opinions

No.	Assurance Audit Engagement	Audit Opinion
1.	Purchasing, Payments & Processing - In-year Testing	Effective
2.	Payroll & HR - In-year Testing	
3.	Main Accounting	
4.	Community Safety	
5.	Business Continuity	Effective with opportunity for improvement
6.	Direct Payments - Children's and Adults	
7.	Event Management (Cardiff Castle)	
8.	Waste Management Overtime	
9.	Street Cleansing	
10.	Woodlands High school	
11.	Kitchener Primary	Insufficient, Major Improvement needed
12.	Falconwood Children's Home	Unsatisfactory
Audit Work with 'No Opinion'		
13.	Schools Education Technology Procurement - (advisory review)	Advisory System Reviews
14.	School Catering Controls - (advisory review)	
<i>Concluded Reports from the prior year</i>		
15.	Alarm Receiving Centre	Effective w/ opportunity for improvement.

There were five audits targeted for completion by the year-end that continued into 2024/25 as follows: Treasury Management, Emergency Duty Team, Building Repairs and Maintenance, Ysgol Gyfun Gymraeg Plasmawr, Climate Change Risk Management.

The final position in respect of the Audit Plan 2023/24 and wider information and measures of the performance of the Internal Audit Team are included in detail within the Internal Audit Annual Report 2023/24.

The summarised position is shown in the table below: 53 new audit engagements were completed to at least draft output stage against a plan of 85 audits (62%), and a further 33 draft outputs from the prior year were finalised. The Audit Plan is responsive to risk and, accordingly, some audits were added, prioritised, and deferred during the financial year, with the engagement of the Governance and Audit Committee. The audits completed in 2023/24 and the assurance levels given are shown in the table below:

Figure 2. Audit outputs and opinions (2023/24)

Status	Number of audit outputs	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	24	6	11	4	1	2
Final	62	16	32	3	1	10
TOTAL	86	22	43	7	2	12
	53	New Audit Engagements Completed				
	33	Finalised Audit Engagements from 2022/23				

2.2 Critical Findings or Emerging Trends (March 2024)

Within the Internal Audit Annual Report 2023/24, 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 2023/24 provides the substantive and detailed position in respect of the activities, performance, and opinions of Internal Audit for the last financial year. There were however, four reports issued during March where particular control issues were reported, for which further details are provided below.

An audit of Falconwood Children’s Home, which was issued in draft during March 2024 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. The Executive Summary Report has been shared with relevant Cabinet Members and with Scrutiny Officers in line with agreed reporting arrangements. A follow up audit has been included within the draft Audit Plan 2024/25.

An audit of Kitchener Primary provided an opinion of ‘insufficient with major improvement needed’ as the school did not have an up-to-date asset register, and the control and monitoring of assets could not be assured. A number of school governance policies and procedures were outdated, and there was a lack of control and oversight over the purchasing of goods and services due to purchasing orders not routinely being raised through SIMS. The lack of purchase orders on SIMS meant that it could not be assured that the budget information on SIMS was correct as it did not include committed expenditure. At the time of the audit, the school had two payment cards in use (one debit card and one charge card) which was not in accordance with Council guidance but was rectified since the initial audit visit. There was a lack of division

of duties, particularly in the income function where all tasks were noted as being carried out by one member of staff with no other officers noted as being able to provide cover in case of staff absence.

An advisory audit of Schools' Education Technology Procurement considered the corporate approach to school educational technology management, which comprises particular strategic projects and initiatives, the management of Welsh Government Grant funding, centralised and further grant funds, procurement decision making and processes, and the approach to asset allocation and control. Whilst recognising recent improvements, the audit recommended further developments in budget transparency and management, and improvements in decision making, management and monitoring arrangements. A number of contracts were in place for managing different areas of IT spend, but these were not accessible from the service area during the audit and, upon receipt of what was held by Commissioning and Procurement, gaps were noted in contract coverage, the completeness of procurement documentation and authorisation processes. There was a gap in the completeness of information on the IT equipment held in secondary schools in advance of the annual order being raised through the Welsh Government Grant, which affects the ability to fully inform the procurement decision on a needs basis. A number of controls were in place to safeguard IT equipment by use of technology, but the arrangements for IT asset storage required review to ensure equipment is secure, with access restricted as far as possible, and it was considered that a formal inventory management system needed to be introduced.

An advisory audit of School Catering Controls represented a system-based review of the activities of the catering service that provides a traded activity to 101 primary / special schools and 11 secondary schools. The service oversees the full catering provision, to include the management of school kitchens, staffing, food produce, the ordering and payment systems, the milk subsidy for free school milk and free school meals. In the context of a significant net overspend, the audit considered the need to for greater standardisation, and to fundamentally understand the cost of service provision with support of accountancy to inform charging decisions. There were gaps in procurement records provided to audit, and records to demonstrate senior officer and Cabinet Member engagement regarding school kitchen upgrade procurement. Procurement processes for school kitchen produce were insufficiently controlled, being undertaken via procurement cards, rather than standard ordering systems. A number of Data Protection Impact Assessments and Cloud Impact Assessment needed to be completed for technology in use and a Payment Card Industry Data Security Standard (PCI) attestation of

compliance was outstanding with a provider at the time of the review and needed to be returned for ongoing assurance of conformance with requirements. Asset management systems and arrangements in respect of school kitchen equipment and stock were in need of development to provide the necessary assurance.

2.3 Value for Money findings (*March 2024*)

There were no value for money themed audits completed 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. However, within an audit with a lower assurance opinion or an advisory audit with high priority rated recommendations, there would be control gaps which need to be addressed to provide assurance that the objectives of these services are being run with proper attention to a combination of economy, efficiency, and effectiveness.

Work Programme – 2024/25

2.4 Current Activities

During quarter one 2024/25, the priorities and approach of the Internal Audit Team were to deliver a combination of management guidance and support, 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 and process change, to achieve compliance and control, and arrangements for the effective prevention and detection of fraud.

A key activity during quarter one 2024/25 has been to review and update the Control Risk Self-Assessment (CRSA) for the audit of all Cardiff schools, and to engage with Headteachers and Governors. The process involves schools completing an automated self-assessment that covers a range of financial and non-financial governance, and internal control matters, and submitting the return and supporting documentation to internal audit for review. The CRSA documents will be issued at the beginning of July, and responses are due during October 2024. Once returned, responses will be reviewed, advice and guidance will be provided, and a sample of 20 schools will be selected for a school visit and targeted testing to check the assertions made and self-assessed actions arising from the assessment.

Following the planned conclusion of the Audit Plan for 2023/24, a number of assurance audit engagements commenced from the Audit Plan 2024/25. Any audits that were targeted to conclude in 2023/24, but were ongoing at the year end, were carried forward to continue during quarter one 2024/25.

The table below shows a list of audits and their reporting status in the current year until 30 June 2024, whereby 9 new audit engagements have been completed to at least draft output stage and 11 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 2024)

Status	Number of completed audits	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	5	0	3	2	0	0
Final	15	4	5	2	1	3
TOTAL	20	4	8	4	1	3
	9	New Audit Engagements completed				
	11	Finalised Audit Engagements from 2023/24				

In the current financial year to date, 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. 2024/25 Audit outputs and opinions (at 30 June 2024)

No.	Assurance Audit Engagement	Audit Opinion
1.	Follow Up - Central Transport Services	Effective
2.	Climate Change risk management	Effective with Opp' for improv't
3.	Ysgol Gyfun Gymraeg Plasmawr	
4.	Land Charges	
5.	Pentrebane Primary	Insufficient, major Improv't needed
6.	Cabin Refuse Shop - Contract Management	

No.	Assurance Audit Engagement	Audit Opinion
Audit Work with 'No Opinion'		
7.	Joint Committees - Prosiect Gwyrdd	Consultancy, certification, advice and guidance
8.	Joint Committees - Port Health Authority	
9.	Joint Committees - Glamorgan Archives	
Concluded Audits from the Prior Year		
10.	Performance Management – People and Communities	Effective
11.	Main Accounting	
12.	Purchasing Payments and Processing	
13.	Business Continuity	Effective with opportunity for improvement
14.	Backup and Data Recovery	
15.	Cathays High School	
16.	Woodlands High School	
17.	Event management (Cardiff Council)	
18.	Cyber Security (Schools) – ICT Managed Technology	Insufficient, major Improv't needed
19.	Kitchener Primary School	
20.	Falconwood Childrens Home	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 2024)

Audit	Comments
Joint Committees - Prosiect Gwyrdd	Work to support completion of Statement of Accounts, 2023/24
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

There have been no changes to the establishment during the reporting period, with all posts filled. There were some cases of sickness within the Team during quarter one, one represented by a return from long-term sickness by a team member, and some other cases of short term sickness absence in the Team. At the end of the quarter a CIPFA Trainee will leave the Team for

his next placement in Finance, we wish him well after his valuable time in audit, and we will welcome our next CIPFA Trainee for their placement in audit from September.

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 368 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 received funding to study the Certified Information Systems Auditor (CISA) Qualification with ISACA.

2.6 Annual Plan

The Committee approved the Audit Plan 2024/25 in its meeting in March 2024. At this time, it was advised of the position against the Audit Plan 2023/24 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 2023/24.

The Audit Plan 2024/25 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.

One advisory audit, relating to the Catering Service in Cardiff Castle, has been added to the Plan at the request of the Director of Economic Development, under the delegation of the Audit Manager, to agree new audit engagement of no more than 10 planned days. The service has recently been provided by Cardiff Catering, and accordingly, the Director has requested a system review of operations and internal control arrangements. The Audit Manager will not be involved in the audit, as a relative used to work in the Castle. It has been arranged for the Head of Finance to oversee this audit.

For the information of the Committee, all audits that were at draft status at the end of 2023/24 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 2024/25.

Delivery of the Audit Plan 2024/25 is proportionately lower than targeted in quarter one, for which the position is shown in section 3.2 'performance'.

- It is not uncommon for performance to be lower in quarter one, as a new portfolio of audit engagements are worked on, a number of which are well progressed but have not been concluded at the quarter end.
- There are more audits in the plan this year (109, compared to 85 in 2023/24). Twenty schools that will be sampled for focussed testing as part of the Control Risk Self-Assessment (CRSA) audits. These short and sharp validation audits will be undertaken during quarters three and four and will ramp up the proportion of the plan delivered.
- The team has spent time preparing, and engaging with schools on, the Control Risk Self-Assessment (CRSA) approach during the quarter.

Audits are 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 2024/25.

2.7 Critical findings or emerging trends (Q1 2024/25)

During quarter one, two draft audit outputs have been issued with opinions of 'insufficient with major improvement needed' for which details of the pertinent findings are provided in the following paragraphs.

An audit of contract management in the charity run cabin refuse shop located at the Lamby Way Household Waste Recycling Centre (HWRC) recognised the value of the initiative. This involves the cabin shop reselling items donated by Cardiff residents in the course of dropping off their household waste at the HWRC, to reduce waste and enable the community to purchase these items at low prices for which there is a 50% profit / loss sharing arrangement.

However, there is a considered need for greater attention to detail in administering the contract and improvements to the monitoring and management regime. The arrangement turns a very small profit and is effectively cost neutral, but turnover is material and covers a range of operating expenses and employment costs. Contract monitoring was taking place at a summary level, and it is considered that transactional level assurances are required. The contract includes a number of reporting and monitoring provisions which were not being followed, although

through discussion of systems in place, the information was available. Management have been advised to review the contract reporting requirements, and wider risks and issues, and introduce a regular, detailed and structured approach to oversee the operations of the contract and performance.

The charity was open and accommodating in the audit, nothing untoward was found, but management need to take forward enhanced contract management arrangements going forward. There was evidence of community benefits arising from the initiative, but these were being led by the contractor, and it is considered that the Council should actively engage with Wastesavers in the approach taken for community engagement and volunteering, and maximise wider social benefits (awareness, education, engagement with children and schools etc.) aligned with corporate priorities. Given the nature of the facility, there are a number of non-financial matters of governance and control that require oversight, relating to insurance and health and safety for instance. These were explored with lead officers during the audit, and some matters of a minor nature need to be addressed by management.

An audit of Pentreban Primary school arose from a request for the Chairperson to provide support and guidance to the school. The school Headteacher started in post in the current academic year, and has prepared and updated a number of policies since their appointment, but some gaps were noted and Governors need to establish a mechanism to ensure that statutory policies and procedures are appropriately reviewed, authorised and published. At an operational level, general financial control requires improved oversight by the Headteacher and improved ownership of decisions made. The level of oversight by the previous Headteacher and Governing Body at that time was not clear.

The report raises a number of areas for attention relating to the recording of, and accounting for, transactional school activities. Some updates were required to ensure segregation of duties in financial processes, an inventory process is required to record and account for school assets, and there a need for clear oversight on the administration of the school's private fund, which had not been audited for a number of years. In respect of procurement, full records of contract invitation, assessment and award processes need to be retained and procurement, expenses and purchasing card processes require some improvement.

2.8 Value for Money findings (Q1 2024/25)

There were no value for money themed audits completed 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. However, within an audit with a lower assurance opinion or an advisory audit with high priority rated recommendations, there would be control gaps which need to be addressed to provide assurance that the objectives of these services are being run with proper attention to a combination of economy, efficiency, and effectiveness.

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 2023/24. Further meetings were then held in quarter one 2024/25, 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 positive with 100% satisfaction and 88% of clients scoring all areas of their audit as good or excellent. Only one client reported that their audit did not add value, which has been followed up and relates to feelings about some softer auditor skills which have been reflected on with the auditor as part of their ongoing development.

In the audit outputs issued to date (as at 30 June 2024), there have been 54 recommendations made, of which 2 have 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	3	0	3
Red / amber	24	0	24
Amber / green	25	2	23
Green	2	0	2
TOTAL	54	2	52

3.2 Performance

As outlined in section 2.4 ('Current Activities'), the priorities and approach of the Internal Audit Team during the quarter were to deliver a combination of management guidance and support, and to commence the delivery of assurance engagements from the Audit Plan.

It is considered that the audit performance indicators utilised in 2023/24 continue to provide an effective measure of the core components of delivering an effective audit service. The only proposed change is an increase in the average number of finalised audits per FTE from a target of 8 to 9. The reason for this is that the schools CRSA style audits in this year's Plan for schools require less audit days than an average audit, and therefore a greater number of audits should be completed overall per auditor compared to last year. Figure 7 contains the proposed performance indicators and targets for 2024/25, together with the outcomes for 2023/24 for consideration and comment by the Governance and Audit Committee.

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 are outlined in 2.6 ('Annual Plan').

A number of audits have been finalised from last financial year, as is shown in figure 4, but more work is required to increase the number of finalised audits per auditor. Attention will 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 2024/25, which represents an ongoing expectation of the high delivery of agreed management actions, and an expected improvement of directorate performance from 2023/24. The performance measure has not been achieved in quarter one and will be a continues focus of attention in audit relationship management meetings and SMT engagement.

Figure 7. Performance against targets for 2024/25 (to date)

Performance Indicator	2023/24 Outcome	2024/25 Target	Q1 Outcome
The percentage of the Audit Plan completed	62%	70%	8%
The average number of audit productive days per FTE	131	150	37
The average number of finalised audits per FTE	7.93	9	1.67
The percentage of draft audit outputs delivered within four weeks	96%	90%	100%
The percentage of audit recommendations implemented within the agreed timescale	74%	80%	76%

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 nine audit engagements completed in quarter one 2024/25. The current position for the full Audit Plan 2024/25 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	12	10	2
Corporate	40	10	30
External and grants	5	5	0
Adults, Housing and Communities	9	9	0
Children's Services	24	20	4
Economic Development	47	43	4
Education and Lifelong Learning	62	34	28
Planning Transport and Environment	43	42	1
People and Communities	1	1	0
Resources	50	47	3
Governance and Legal Services	7	7	0
Waste Management	6	3	3
	306	231	75
Schools	228	190	38
TOTAL	534	421	113

NB - It should be noted that the table above represents the position as at 30 June 2024, 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 2024/25, the priorities and approach of the Internal Audit Team were to deliver a combination of management support through consultation, and to commence the delivery of assurance engagements from the Audit Plan.

Delivery of the Audit Plan 2024/25 is proportionately lower than targeted in quarter one. It is not uncommon for performance to be lower in quarter one, as a new portfolio of audit engagements are worked on, a number of which are well progressed but have not been concluded at the quarter end. Time has also been spent preparing and engaging with schools on the CRSA audit approach. Short and sharp validation audits will be undertaken during quarters three and four, which will ramp up the proportion of the plan delivered.

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 2024/25.

Report Status (as at 30 June 2024)

Report Status (as at 30 June 2024)

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Fundamental / High				
Effective	Payroll and HR processes cf.			Draft
	Performance Management – People and Communities cf.			
	Purchasing Payments and Processing cf.			
	Main Accounting cf.			
Effective with opportunity for improvement	Climate Change Risk Management			Drafts
	Ysgol Gyfun Gymraeg Plasmawr			Issued
	Land Charges			
	Business Continuity cf.			
Insufficient with major improvement needed	Purchasing Cards cf.	1		Drafts
	Pentrebane Primary	2		Issued
	Cabin Refuse Shop - Contract Management	1		
	Cyber Security (Schools) – ICT Managed Technology cf.	1	1	
Medium				
Effective	Community Safety cf.			Draft
	Follow Up - Central Transport Services			
Effective with opportunity for improvement	Facilities Management / Building Support cf.			
	Thornhill Primary cf.			
	Cradle to Grave – Contract Audit cf.			
	Overtime in Waste Management cf.			
	Street Cleansing cf.			
	Direct Payments - Children's and Adults cf.			
	Backup and Data Recovery cf.			
	Cathays High School cf.			
	Event management cf.			
	Woodlands High School cf.			
Insufficient, major improv't needed	Fairwater Primary cf.	1		Draft
	Kitchener Primary cf.	1	1	
Unsatisfactory	Falconwood Children's Home cf.	4	4	

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Grants / Accounts / External Bodies				
No assurance opinion given	Schools Education Technology Procurement cf.	Advisory		Drafts
	School Catering Controls cf.	Reviews		Issued
	Joint Committees - Prosiect Gwyrdd	Statement of		
	Joint Committees - Port Health Authority	Accounts Reviews /		
	Joint Committees - Glamorgan Archives	Certification / Support		

Draft Audit Plan 2024/25

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan 2023/24	Draft Audit Plan 2024/25	Assignment	Days	Audit Scope	National Issue
Fundamental Audits - S151 Assurance									
Purchasing Payments and Processing	High	Assurance	Chargeable	50	50	In-year Testing 2023.24 cf.	0	Purchases and Payments are compliant, authorised, accurate and timely	
						Purchasing Cards cf.	0		
						CRSA	5		
						In-year Testing 2024.25	30		
						Below Tender Threshold Procurement Controls	15		
Payroll & HR				50	50	In-year Testing 2023.24 cf.	0	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	
						CRSA	5		
						In-year Testing 2024.25	25		
						Time Recording cf	20		
Income and Debtors				20	20	Income and Debtors cf	20	Operation of appropriate arrangements to record, monitor and recover sundry debts.	
Asset Management				20	20	Asset Management cf	20	Effective recording, monitoring, management and control of physical assets	
Council Tax				0	20	Council Tax	20	Compliance and control, with effective and efficient processes	
HB / LHA/ CTRS				0	20	HB / LHA/ CTRS	20	Effective controls to ensure accurate processing of bona fide claims	
Treasury Management cf				20	0	Treasury Management cf	10	Effective treasury management strategy, governance, risk management and monitoring framework	
Main Accounting				20	0	Main Accounting cf.	0	The main accounting system and processes are well controlled and operating effectively	
Housing Rents				10	0				
NDR				20	0				
Total				210	180	190			
Corporate Audit									
Risk Management	High	Assurance	Chargeable	15	15	IT Risk Management	15	Risk management arrangements are effective and operated consistently	
						Climate Change Risk Management cf	10	Risk management arrangements are effective and operated consistently	
Contract Audit				40	40	Cradle to Grave – Contract Audit cf.	0	Effective contract compliance, control and delivery of objectives	
						Framework Agreements cf	20		
						Direct Award Contracts	20		
Procurement				20	20	Procurement cf	20	Effective and compliance commissioning and procurement compliance and control arrangements	
ICT Audit				30	30	Cyber Security (Schools) – ICT Managed Technology cf.	0	Effective governance, risk management and control	
						Backup and Data Recovery cf	0		
						IT Business Continuity	15		
						Network and Communications Management	15		
National Fraud Initiative		Participation		10	10	National Fraud Initiative	10	Data matching counter-fraud exercise	
Value for Money studies		Assurance		30	30	Value for money in use of Overtime cf	15	Assurance on value for money in use of overtime	

Total				380	355	365				
Service Specific Audit				Audit Plan 2023/24	Draft Audit Plan 2024/25	Assignment	Days			
Invest to Save						Invest to Save	15	Assurance on value for money in invest to save schemes		
Stores				10	20	Lamby Way Stores cf	10	Effective and efficient stores management, and stock / equipment control		
						Tagomago Warehouse	10			
Education - SOP				20	20	Education - SOP cf	20	Delivery of objectives, with effective compliance and control		
Governance Arrangements				20	20	Governance Arrangements cf	20	Audit of the application of good corporate governance arrangements		
Programmes and Projects				20	20	Programmes and Projects cf	20	Effective, clear and consistent project governance arrangements.		
System Development		TBC		30	30	Provision for System Development	30	Consultation or assurance services, as relevant.		
Delegation and decision making		Assurance		20	20	Delegation and Decision Making cf	20	Effective application of delegated authority and decision making		
Ethics and values				0	20	Gifts and Hospitality	10	Effective governance and procedures, consistently applied		
					Declarations of Interest	10				
Health and safety				0	20	Health and Safety	20	Effective and compliant application of the Council's health and safety framework		
Safeguarding				0	20	Safeguarding	20	Effective safeguarding governance and control processes		
Pensions and Investments				0	20	Pensions and Investments	20	Effective compliance and control		
Business Continuity				20	0	Business Continuity cf	0	Effective business recovery and incident management systems.	Final Issued	Effective with Opportunity for Improvement
Taxation				20	0					
Mileage & subsistence				15	0					
Fleet Management				20	0					
Wellbeing of Future Generations				20	0					
Information governance				20	0					
Total				380	355	Assignment	365			
Service Specific Audit				Audit Plan 2023/24	Draft Audit Plan 2024/25	Assignment	Days			
Service / Process Consultancy	Medium	Consultancy	Chargeable	30	30	Provision for Service / Process Consultancy	20	Consultancy support across the Council, as appropriate		
Resources	Medium	Assurance		40	40	FOLLOW UP - Central Transport Services cf	10	Delivery of service objectives with effective compliance and control	Final Issued	Effective
						Budgeting and Forecasting	15	Assurance on budgeting and forecasting arrangements, supported by Accountancy		
						Income Recovery (inc. Bailiffs)	15	Delivery of service objectives with effective compliance and control		
						Ardal Procurement Partnership	10			
Governance and Legal Services	Medium	Assurance		40	30	Land Charges cf	10	Delivery of service objectives with effective compliance and control	Draft Issued	Effective with Opportunity for Improvement
						Members' Remuneration and Allowances	10			
						TBC	10			
People and Communities	Medium	Assurance		30	30	Performance Management cf.	0	Performance management arrangements are effective, and operated consistently.	Final Issued	Effective
						Community Safety cf	0		Draft Issued	Effective
						Bilingual Cardiff	15	Compliance with Welsh Language Standards and service objectives		
						Housing Development & Regeneration - Major Project Governance	15	Delivery of service objectives with effective compliance and control		
Adults, Housing & Communities	Medium	Assurance		125	150	Direct payments - Children's and Adults cf.	0	Delivery of service objectives with effective compliance and control	Draft Issued	Effective with Opportunity for Improvement
						Emergency Duty Team cf	15			
						Mental Health Day Services cf	15			
						Residential Care cf	15			

						Allocations, lettings and voids cf	15				
						Home Care cf	15				
						Homelessness - Temporary Accommodation	15				
						Disabled Grants	15				
						Joint Equipment Store	15				
						Learning Disabilities Day Services	15				
						Supported Living	15				
						Childcare Placements	15				
Childrens' Services	Medium	Assurance		40	60	Falconwood Childrens Home cf.	0	Delivery of service objectives with effective compliance and control		Final Issued	Unsatisfactory
						Special Guardianship	15				
						Children's Savings (Pocket Money)	15				
						Unregistered Placements	15				
						FOLLOW UP - Falconwood Children's Home	15	Follow up Audit, following unsatisfactory audit opinion			
Economic Development	Medium	Assurance		80	120	Facilities Management / Building Support cf.	0	Delivery of service objectives with effective compliance and control		Draft Issued	Effective with Opportunity for Improvement
						Overtime in Waste Management cf.	0			Draft Issued	Effective with Opportunity for Improvement
						Street Cleansing cf.	0			Draft Issued	Effective with Opportunity for Improvement
						Event Management (Cardiff Castle) cf.	0			Final Issued	Effective with Opportunity for Improvement
						Building Repairs and Maintenance cf	15	Assurance on asset and financial management in the council and school non-domestic estate			
						Statutory Compliance cf	15	Assurance on statutory compliance systems and controls			
						Materials Recycling Facility	15	Delivery of service objectives with effective compliance and control			
						Weighbridges	15				
						Cabin Refuse Shop - Contract Management	5			Draft Issued	Insufficient with Major Improvement Needed
						Parks	15				
						Cleaning Services	15				
						Cardiff International White Water	10				
						Cardiff Motocross	10				
						Allotment Management	10				
		Consultancy				St David's Hall Post Closure Review	10	Review of financial control proesses and lessons learned			
						Castle Canteen Advisory Review	10	Advisory system based control review			
Education and Lifelong Learning	Medium	Assurance		150	190	Thornhill Primary cf.	0	Effective compliance and control		Draft Issued	Effective with Opportunity for Improvement
						Cathays High School cf.	0			Final Issued	Effective with Opportunity for Improvement
						Woodlands High School cf.	0			Final Issued	Effective with Opportunity for Improvement
						Fairwater Primary cf.	0			Draft Issued	Insufficient with Major Improvement Needed

						Ysgol Gyfun Gymraeg Plasmawr cf	5					Draft Issued	Effective with Opportunity for Improvement
						School Admissions cf	15	Effective and well governed arrangements for school admissions					
						Schools VAT Assurance cf	15	Effective compliance and control					
						Governor Services cf	15						
						Schools Information Management cf	15						
						ALN Specialist Teaching	20						
						Music Service	15						
						School Deficit Budgets / Financial Management	20						
						CRSA (and sample of 20 schools)	70						
						Pentrebane Primary	5						Draft Issued
Planning, Transportation and Environment	Medium	Assurance		45	60	Highways Maintenance cf	15	Delivery of service objectives with effective compliance and control					
						Bereavement Services	15						
						Civil Parking Enforcement	15						
						School Transport	15						
Total				580	710		755						
External				Audit Plan 2023/24	Draft Audit Plan 2024/25	Assignment	Days						
External clients	High	Assurance	Chargeable	35	35	City Deal 2023/24 - TBC	10	Scope as per rolling SLA	y				
	Low	Certification				Cardiff Further Education Trust Fund 2023/24 - tbc	4	Grant certification / statement of accounts work					
						Joint Committees	6					Final Issued	No Opinion
						Education Improvement Grant 2023/24 - tbc	15						
Total				35	35		35						
Contingencies				Audit Plan 2023/24	Draft Audit Plan 2024/25	Assignment	Days						
General Audit	TBC	TBC	Chargeable	55	100	General Audit (provision for carried forward audits / other work / recommendation tracking)	35	General Audit (provision for carried forward audits / other work / recommendation tracking)					
Total				55	100		35						
Management				Audit Plan 2023/24	Draft Audit Plan 2024/25	Assignment	Days						
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	20	20	Assurance mapping	20						
CRSA development		Management	Chargeable	10	20	CRSA development	20						
Process development		Management	Chargeable	15	15	Process development	15						
Work for Audit Manager		Management	Chargeable	30	50	Work for Audit Manager	50						

Planning, monitoring & reporting		Management	Chargeable	30	53	Planning, monitoring & reporting	53				
Review of financial rules etc.		Management	Chargeable	60	40	Review of financial rules etc.	40				
General advice and guidance		Management	Chargeable	20	20	General advice and guidance	20				

Total chargeable days

1,495 1,648

1,648

Executive Summary

Falconwood Children's Home

Background

- 1 An Internal Audit review has been undertaken of the control environment of 'Falconwood Children's Home'. Falconwood Children's Home was first registered with Care Inspectorate Wales (CIW) on 13th August 2021 as a 3-bed residential home. As part of Cardiff's Right Place Accommodation Strategy that went to Cabinet on the 19 January 2023, there has been a drive for in-house residential placements, and a procurement drive to identify and open a number of new residential homes in Cardiff. The intention is to expand an effective in-house delivery service delivery model, and, in this context, the audit is designed to highlight key areas of governance and control for which assurance should be sought by management in the establishment of wider settings.
- 2 During the audit, the home had a new manager that was in place between September 2023 and October 2023, and a new manager between November 2023 and January 2024 and a manager that started in February 2024. Suitable staffing levels have been maintained with recruitment mainly via agency staff and due to the strategy of sharing management and staff with another local home. The majority of staff were advised to be suitably experienced and qualified, with others undertaking the necessary qualifications once appointed with the necessary experience.
- 3 The home was last inspected by Care Inspectorate Wales (CIW) on 28th February 2023. The report detailed one 'Priority Action Notice' where poor outcomes for people, and / or risk to people's well-being are identified related to Regulation 58 and 5 Areas for Improvement where the provider is expected to take action to rectify them which will be followed up at the next CIW inspection. The report also details 7 previous inspection Actions that had been tested at this inspection and compliance was achieved. These are due to be followed up in the next inspection by CIW in 2024.
- 4 The objectives of the audit were to provide assurance that:
 - a) There are effective management and oversight arrangements in place to ensure compliance with appropriate legislation and regulations, Council policy, procedures and guidance to ensure care standards are met.
 - b) Sound financial controls and processes are in place at Falconwood in relation to expenditure and payments, and that they are adequate, properly authorised, controlled, recorded, and payments made are in line with authorisation limits.
 - c) Financial systems and controls are in place for effective budget management monitoring and checks, and reconciliations; and
 - d) Previous Care Inspectorate Wales (CIW) inspection recommendations have been addressed by management.
- 5 The purpose of this audit was to consider the system of internal control, which has not extended to reviewing the safety and care of the young people resident at Falconwood. However, in line with all Wales safeguarding procedures if concerns were found they would be raised appropriately.

Main Conclusions

- 6 An audit opinion of **unsatisfactory** has been allocated and the audit identified that core financial practices require improvement, monitoring and review, to effectively mitigate risk and to provide the necessary assurance in relation to the objectives agreed at the outset of the audit.

- 7 Management information systems require improvement, as information and records were not promptly available for audit and staff training records were also not complete for monitoring and review purposes, although from the sample checked no training gaps were identified.
- 8 The audit has identified control issues, irregularities and a need to improve the application of core practices in relations to the following areas to demonstrate the necessary financial stewardship and control:
- Budgetary control - The cost of running the children's care home has increased significantly in the last year but the home's managers were not involved in budget setting and budget monitoring. They are not provided with monthly budget expenditure reports and are not aware of the full cost of running the home and the full cost per child of their in-house provision. There was a net overspend of £281,851 it is considered areas of budget realignment and review are required.
 - Petty cash / imprest account administration - Cash was being mixed with the accounts of other nearby homes (Oakway and Crosslands), and a cash loan of £180 to Oakway Home is missing and another to Crosslands of £21 was not repaid. A cheque recorded as cashed for £150 was located uncashed in a drawer at the home. During 10/07/23 to 20/07/23 for cash expenditure of £42.32 there was no evidence or supporting documentation as the receipts, expenditure vouchers and the corresponding manual transaction log were missing. Audit and Banking Control Team assistance has been provided to reconcile the account which must be run in accordance with the Council's Financial Procedure Rules going forward.
 - Procurement card governance – The procurement card was being shared between staff, and not managed by the officer to whom it was allocated in accordance with corporate policy. Some transactions for utilities should be paid by an alternative means, such as via the corporate consolidated billing process.
 - Pocket money and cash savings – As access to the safe was considered to need review, record keeping was in need of improvement and modern, digital means of saving and spending pocket money are proposed for consideration.

Recommendations for Action

- 9 The audit included sixteen recommendations (four red, ten red/amber and two amber/green) and course of action has been agreed by management.

Latest Position

- 10 Internal Audit will continue to monitor the internal control environment through the recommendation tracker and regular discussions with management. A 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			Current target date not yet due	
				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			
Adults Social Services, Communities & Housing	1		1		1					1		1	
Children's Services	4	7	9			4	12			4	7	9	6 - overdue actions where an update is required 1 - overdue action, where evidence has been requested in order to close action
Corporate Governance	11	2	19		14	7				12	8	13	8 - overdue actions where an update is required
Economic Development	5	4	7		4	3		4		4	3	8	3 - overdue actions where an update is required 4 - N/A - No Audit Opinion Provided
Education & Lifelong Learning	5	2	11		5	8				8	4	9	4 - overdue actions where an update is required
Education & Lifelong Learning - Schools	17		29		28	1				25	24	5	5 - overdue actions, where Audit is liaising with the school 9 - overdue actions where an update is required 5 - overdue actions, awaiting evidence in order to close action 5 - overdue actions, where action will be carried forward to follow-up audit
External and Grants													
Fundamental (Resources)													
People and Communities													
Planning, Transport & Environment	2		3		2	1				1	1	2	1 - overdue action where an update is required
Resources	2	1	11		3		9			10	9	3	9 - overdue actions, where action will be carried forward to follow-up audit
TOTALS	47	16	90	0	57	24	21	4		65	56	50	