



Resources Directorate Internal Audit Section



Internal Audit Progress Report (as at 16th August 2019)

<u>CONTENT</u>	1
<u>INTRODUCTION</u>	2
Background	2
Independence and Objectivity	2
Continuing Professional Development	2
<u>SUMMARY OF WORK PERFORMED</u>	3
Current Activities	3
Annual Plan	6
Critical Findings or Emerging Trends	7
Value for Money Findings	9
Resources	11
<u>AUDIT PERFORMANCE AND ADDED VALUE</u>	12
Added Value	12
Benchmarking and Performance	13
Audit Plan Delivery	15
Processes	16
Recommendations	17
<u>CONCLUSION</u>	18
Appendix A	Report Status as at 16 th August 2019
Appendix B	Audit Plan
Appendix C	Executive Summary – Waste Management Contracts Executive Summary – Music Service Income Follow-up
Appendix D	PSIAS Action Plan Update
Appendix E	Audit Protocol
Appendix F	Red & red / amber open recommendations
Appendix G	Red & red / amber recommendations completed since last Committee
Appendix H	Red & red / amber open recommendations with revised action dates

Prepared by: Chris Pyke, Audit Manager

INTERNAL AUDIT PROGRESS REPORT

1. INTRODUCTION

1.1 Background

The Internal Audit plan for 2019/20 was approved by the Audit Committee at its meeting in April 2019. The 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 Internal Audit plan for 2019/20 is made up of a total of 2,706 days, with a total of 1,990 chargeable days for the audit team being agreed. This report serves to provide an update on progress against the plan to the 16th August 2019.

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

The Personal Reviews of performance during 2018/19 were completed by the end of May 2019. The Personal Review process enabled each member of the audit service to discuss progress against agreed objectives, and to consider and agree their overall performance for the year.

Prior to discussing performance, each auditor completed a skills assessment in application of the IIA Professional Competencies Framework. The results have informed both the Personal Review process, and the annual internal Audit Manager review against the Quality Assurance and Improvement Programme (Standard 1300), from which a generally strong baseline of knowledge and skills are held across the audit team.

The new objectives for 2019/20 were discussed with the members of the team and agreed in accordance with the Council's deadline of the end of June.

2. SUMMARY OF WORK PERFORMED

2.1 Current Activities

The report to Audit Committee in April 2019 set the scene for audit coverage for the year and the planned assignments have been set up in the audit planning, monitoring and control database. Priority has been given to any audits planned for 2018/19 but not completed during that year.

All Auditors have continued to be allocated at least three months' work in advance, with an expectation that their assignments will be effectively managed and delivered. This approach focuses on outcomes, improving performance and the timeliness of reporting.

Appendix A shows a list of audits and their reporting status in the current year until the end of 16 August 2019. The listing will include all reports finalised since April 2019, and all new and existing draft reports as at the reporting date.

The table below shows audit outputs separated into those which are new for 2019/20, meaning that a draft report had not been issued in the prior year, and those which were at draft status in 2018/19, but have since been finalised.

Figure 1. Audit outputs in 2019/20 (at 16th August 2019)

	Audit	Status as at 16.08.19
NEW Audit Outputs (for 2019/20)		
1	Audit of ethics and values – Gifts and Hospitality	Draft output issued
2	Education – Income Processes	
3	Payroll – In-year testing	
4	Regional Partnership Board	
5	Bulky Waste	
6	Responsive Repairs	
7	St. Teilo's - ICT governance	
8	Bilingual Cardiff	
9	Education - Commissioning of independent investigations	
10	Local Housing Allowances 2018/19	
11	Insurance	
12	VFM - enforcement	
13	Payroll overpayments	

14	VFM - overtime	
15	Into Work Grant Streams	
16	Bishop of Llandaff – ICT Governance	
17	Ysgol Plasmawr – ICT Governance	
18	Windsor Clive Primary School	
19	Joint Committees - Prosiect Gwyrdd	Final output issued
20	Joint Committees – Port Health Authority	
21	Joint Committees - Glamorgan Archives	
22	Cardiff Further Education Trust Fund	
23	Storey Arms	
24	Housing Rents	
25	P-Cards Central Transport Services (CTS)	
26	Resources – Budgeting and forecasting	
27	Personal Review Process	
28	Radyr Comp – ICT Governance	
39	Llanishen High – ICT Governance	
30	Fitzalan High – ICT Governance	
31	Cardiff High – ICT Governance	
32	Cathays High – ICT Governance	
33	Value for Money – Agency workers, interims and consultants	
34	Music Service – income review follow up	
35	Payroll – CRSA	
36	Treasury Management - CRSA	
37	Counter-fraud in schools - CRSA development	CRSA developed
38	Contract guidance for schools	Guidance developed
Concluded Reports from the prior year at 16.08.19		
39	Atebion Solutions	Final output issued
40	Risk management arrangements	
41	Sickness absence processes	
42	County Hall Canteen	
43	Education Improvement Grant	
44	Youth Innovation Grant	
45	Creditors 2018/19	
46	St. Peter’s R.C. Primary School	

47	Willows High School
48	Ysgol Glantaf
49	Health and Safety Framework
50	Contracts in Waste Management
51	Gatehouse
52	Whitchurch High School
53	Norwegian Church Trust
54	Communities - Partnership & Collaborative Governance
55	Music Service Expenditure Review
56	IT Governance
57	Cloud Computing
58	Stock Check Observation - Lamby Way
59	Stock Check observation - Brindley Road

The opinions given in reports issued to 16th August 2019 are shown in the table below. The majority of audit opinions allocated through drafts issued have recognised a sufficient level of internal control and governance in the areas reviewed.

Figure 2. Audit outputs and opinions (at 16th August 2019)

Output Stage	Number of outputs	Opinion				No opinion given
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	
Draft	18	1	15	1	0	1
Final	41	1	23	6	3	8
TOTAL	59	2	38	7	3	9

Since the last reporting period, an audit of Windsor Clive Primary School has provided a draft assurance rating of insufficient with major improvement needed. Two audit reports, Contracts in Waste Management and Music Service Income Follow up, have been finalised with assurance ratings of unsatisfactory. Two further audit reports, Gatehouse and Whitchurch High School, have been finalised with assurance ratings of insufficient with major improvement needed. Information is provided on the findings of these audits within Section 2.3 – Critical Findings or Emerging Trends, and executive summary reports are appended for the unsatisfactory audits.

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

Figure 3. Outputs without an assurance opinion (at 16th August 2019)

Audit	Comments
Payroll – CRSA completed	CRSA completed and discussed with payroll colleagues
Treasury Management – CRSA Completed	CRSA completed and discussed with Treasury Management colleagues
Education – income processes	Consultation review consolidating discrete assurance reviews – no further audit opinion.
Joint Committees - Prosiect Gwyrd	Work to support completion of Statement of Accounts, 2018/19
Joint Committees - Port Health Authority	
Joint Committees - Glamorgan Archives	
Cardiff Further Education Trust Fund	Completion of audit of accounts for 2017/18
Schools Contract guidance development	Guidance for schools on contracts, tendering, etc. and the publication of an exemplar policy.
Counter-fraud in schools – CRSA developed	Development of a counter-fraud CRSA for Schools.

2.2 Annual plan

The annual plan was agreed by Audit Committee at its meeting in April 2019 and was designed to be risk based and co-ordinated in application of the “three lines of defence” model. Assurance mapping exercises are carried out at periodic intervals during the year.

Through recent Relationship Manager meetings, it has been agreed with Senior Officers that 15 unallocated audit days within Social Services would be allocated to Planning, Transport and Environment. Audit Committee approval is sought to allocate this time to an audit of the Trolleys service, as an area where management has requested assurance on the operation of systems in place. In further development of the audit plan, it is requested that Audit Committee approve the application of 15 days allocated for value for money purposes to an audit of Value for Money in Digital Initiatives. The proposed audit follows a discussion with the Chief Digital Officer and, given the strategic importance of digitalisation, it is considered an important area for assurance.

The Audit Manager has agreed a small amount of consultancy work, to provide advice and guidance on the processes proposed for processing Housing Benefits and Council Tax claims using a Risk Based Verification (RBV) approach, in accordance with DWP requirements. RBV is a method

of applying different levels of checks to housing benefit and local council tax support claims according to the risk associated with those claims.

The above updates are highlighted in 'green' in the Audit Plan (**Appendix B**). Additionally, the Audit Plan has been populated with all unsatisfactory audits, for which follow-up audit engagements will be required to seek assurance that agreed recommendations have been implemented. The target timeframe for follow-up audits is 6 months following the conclusion of the original audit, and these audits are highlighted in 'blue' in Appendix B.

The Audit Plan content has been expanded to show the inherent risk rating and scope of each audit, prior to the objective setting process in planning individual audits. The Audit Plan also now records if audits are addressing or responding to a national issue, in line with good practice.

2.3 Critical findings or emerging trends

In accordance with PSIAS, Internal Audit is required to report to Audit Committee on critical findings or emerging trends. Firstly, from a control perspective Audit Committee are advised that additional interim management support has recently been established in certain areas of the Planning, Transport and Environment Directorate. The Corporate Director, People and Communities has begun overseeing the Waste Management and Street Cleansing teams, supporting the Assistant Director. The Corporate Director, Resources has been facilitating the same role in respect of Central Transport Services. The Director for Planning, Transport and Environment is focusing on planning, highways and transportation, reflecting work underway in connection with air quality and the forthcoming White Paper on Transport, which will be published in the autumn. Audit reports and findings are being reported and considered through the above management channels. Audit Committee will have the opportunity to discuss these arrangements with the relevant directors through their attendance at Committee meetings as part of the Audit Committee Work Programme.

Since the last reporting period, two audits have been finalised with unsatisfactory audit opinions. These audits are in respect of Waste Management Contracts and a Music Service Income Follow up. The audit review of Waste Management Contracts recognised a need for greater contract co-ordination and control, as there were cases where current contracts were not in place, and improvements were required in areas of contract planning, monitoring and management. The

audit provided an assurance opinion of unsatisfactory and, accordingly, the executive summary is attached in **Appendix C** to this report. It is recognised that, since the conclusion of the audit, management have been instigating new / replacement procurement mechanisms, and a management training session has been delivered, supported by Internal Audit and Procurement colleagues. Internal Audit will perform a follow-up audit of Waste Management Contracts for assurance that improvements have been delivered and sustained.

The follow up audit has provided an assurance opinion of unsatisfactory as outstanding debt was only marginally lower than than the position reported in the original audit and recommendations had not been sufficiently progressed. The executive summary is attached as **Appendix C** to this report. The audit recommendations have been agreed with management, who have indicated they will engage closely with finance colleagues in Resources to develop a formal debt collection and recovery strategy. Management have also advised that controls in monitoring and reconciling income invoiced and received will be improved which, along with the revised recovery strategy, which will focus on reducing the level of debt for the service. A Service Review for the Music Service was being initiated upon concluding the audit to consider existing operations, issues and risks and to identify opportunities and recommendations for improvement. Internal Audit will perform a further follow-up audit to identify the improvements delivered.

Since the last Audit Committee reporting date, two audit engagements have been finalised with opinions of insufficient with major improvement needed. Firstly, an audit of Whitchurch High School, for which certain governance documents required approval to meet the requirements of Financial Procedure Rules for Schools. Contracts at the school were in need of greater monitoring and review, as some contracts had lapsed and, at the time of the audit, outsourced catering income was outstanding and the School's bank contract was out of date. Improvements were required in transactional records in respect of income and procurement, and authorisations needed to be better documented in respect of purchases and a contribution from the school's private fund to the school budget account. A copy of the final report and agreed actions has been issued to the Headteacher and the Chair of Governors for delivery and oversight.

The second finalised audit with an opinion of insufficient with major improvement needed was in respect of the Gatehouse system operated to record weighbridge activity in Lamby Way and Bessemer Close. The audit was completed following a period of consultation and advice from the Internal Audit section over the financial year 2018/19. At this time, an Internal Audit officer

attended meetings of a Waste Management officer group on a fortnightly basis, to discuss and capture compliance and control gaps and monitor management actions for improvement in the Civic Amenity Sites (Lamby Way and Bessemer Close). This subsequent audit has recognised steady progress in implementing the action points identified through the above approach. The audit identified improvements in practices for recording waste movements on Gatehouse in general, but identified a need to improve recording of out of hours transactions, the completeness of reconciliations, and to eliminate any sharing of system passwords. A particular system-based concern was raised, relating to access control for the Gatehouse system, which did not offer a management record of the system administrator who had made amendments to system access or passwords. In view of this finding, management have agreed to resolve the limitations to management information in a future procurement specification, and in the meantime, to limit the number of system administrators as far as considered feasible, and undertake cross checks between data of the operational teams and the Waste Data Flow team for NRW submission each quarter.

An audit of Windsor Clive Primary School has provided a draft opinion of insufficient with major improvement needed. Arrangements are being made to discuss the findings with the Headteacher, which include a need to improve financial and governance processes to ensure that controls and oversight are robust. Recommendations have been raised respect of governance documents, policies and disclosures, and the need to modernise income processes, and improve the consistency of procurement processes and contract management practices.

2.4 Value for Money findings

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.

The finalised audit of Waste Management Contracts has raised value for money concerns based on the gaps in coordination and control required to provide sufficient assurance that contracts are being planned, co-ordinated and controlled effectively. Additionally, the lack of progress to date in managing income and debt recovery processes for the Music Service also raises value for money concerns on the operation of this important mechanism. Internal Audit will continue to

monitor and follow up progress against the agreed management actions to address these matters, as outlined in section 2.3.

The findings of the two draft audit reports issued which had a specific value for money focus were more positive, and the areas were considered to be broadly effective in this regard, for which further information is provided below.

Overtime

An audit on value for money in the use of overtime across the Council has been issued in draft. The audit considered overtime arrangements within a range of Directorates, through data analysis and management interviews in order to understand the basis upon which overtime had been considered necessary, and was monitored and reviewed against appropriate alternatives.

Based on the work undertaken and the samples tested, it was considered that effective and informed decisions had been taken for the use of overtime to meet business needs across the Council, for which the overall assurance rating was effective with opportunity for improvement.

Through discussion of overtime cases, it was apparent that managers were aware of alternatives to overtime and, for the cases sampled, managers had made reasoned decisions for its use either on a cost or capability basis. A recommendation has been raised for management to maintain close scrutiny on the use of overtime in the short-term as part of business management and monitoring, and also to be satisfied that they have arrangements in place to manage overtime costs over the medium term, through appropriate workforce planning, procurements, or other relevant management adjustments.

Enforcement

An audit of value for money in enforcement activity has been issued in draft, which focussed on the processes in place in Revenues Services to utilise an Internal Enforcement Recovery Team and External Enforcement Recovery Agent Companies for service delivery, and the processes in place for value for money in the operation of the in-house Waste Education and Enforcement Team. Overall, it was considered that reasonable and suitably informed decisions had been made to deliver the services applying value for money principles to meet business needs, and the

assurance rating was effective with opportunity for improvement. There were different relative findings for the enforcement activities reviewed as summarised below.

In respect of the recovery arrangements sampled, a primary measure of value is the performance of cost effective collection of monies due. On this basis, both the in-house and external arrangements deployed were delivering a net cost benefit and meeting performance recovery targets. Management were advised to continue to monitor the balance of in-house and external recovery deployment to maximise the objectives of the services in the most cost effective way, whilst monitoring and managing contract risks appropriately.

In respect of the education and enforcement services reviewed, value for money is not based solely on income generation and cost of the penalty based recovery, but more a mixture of key performance measures and service outcomes including the changing of public behaviour. Whilst this judgement is more complex, an overall budget shortfall of £60k was noted for 2018/19 and performance measures, which were largely volume based, were achieved. Management have been recommended to set core performance measures for end to end processes in respect of education, investigation and enforcement, and to introduce a strong reporting and monitoring regime.

2.5 Resources

There have been 673 chargeable days to 16th August, against a pro-rata plan of 753 days, which includes all operational auditors and the audit assistant. As outlined in previous progress reports, it has been agreed for a senior auditor to reduce their hours temporarily from 37 to 32 hours per week for the financial year 2019-20, for which the planned days have been adjusted.

There are a range of reasons why the chargeable audit time has been below target over the reporting period. These include two auditors taking all of their study leave allocation to prepare for their final Certified Internal Auditor (CIA) exams in the reporting period, the CIPFA trainee undertaking some wider accountancy development and support work, a higher than planned requirement for a member of the team to deliver trade union responsibilities, and a greater level of leave being taken over the reporting period. Arrangements are being made to review the time recorded with each auditor as part of their next monitoring meeting, to be assured that there is consistency in the approach taken to account for their time used.

Three members of the team are being supported through a CIA qualification with the IIA. Two of these auditors have progressed to working towards their third and final exam, one auditor is working towards their second exam.

3. AUDIT PERFORMANCE AND ADDED VALUE

3.1 Added value

Relationship Manager meetings have been arranged with every Director and diarised for quarterly meetings throughout 2019/20. These are useful in progressing matters relating to audits completed and planned; and for discussing corporate and directorate risks, issues and areas for potential audit input. Meetings were held with Directors in April 2019 to discuss the audits carried out in 2018/19 in their directorates and their outcomes. Further meetings were then held in June / July to review the audits undertaken in Q1, those planned for Q2 and any changes to internal controls that could affect the audit plan. Proposed changes to the audit plan, informed by these meetings, are detailed in section 2.2 (Annual Plan).

Audit has issued 21 client questionnaires this year (as at 16th August) and has received 10 responses (a response rate of 48%). One question asked of clients is whether they considered that the audit work added value to their service; 9 out of the 10 clients responded to advise that it did. In one case, this question was not answered, for which arrangements are being made to contact the relevant managers to discuss further.

In the reports issued to date (as at 16th August), there have been 326 recommendations made, of which audit clients have agreed 220, with 106 presently being considered through draft audit reports. These are summarised below:

Figure 4. Recommendations raised and agreed

Rating	Recommendations made	Recommendations agreed
Red	17	15
Red / amber	168	120
Amber / green	112	66
Green	29	19
TOTAL	326	220

Updates will continue to be provided on the number of recommendations implemented.

3.2 Benchmarking and Performance

The audit team is a member of the Welsh Chief Auditors and Core Cities benchmarking groups. For each group, benchmarking information for Cardiff has been submitted to the authority responsible for collating the data. In respect of the Welsh Chief Auditors Group, Fourteen out of twenty two councils responded to the exercise and the comparative data is set out below.

Figure 5. Welsh Chief Auditors Benchmarking data 2018/19

Benchmark Measure	Cardiff Result	Group Average
Number of audit staff	10.4	7.0
Planned Audits	156	76
% planned audits completed	77%	82%
Staffing cost per £'m gross revenue expenditure	£735	£806
Average cost per directly chargeable day	£261	£265
% directly chargeable time versus total available	81%	69%
% recommendations accepted v made	97%	99%
% recommendations implemented v made	64%	79%
% client questionnaires returned	64%	56%
% client response of at least "satisfied"	99%	99%

The benchmarking information is positive in respect of productivity, and audit delivery costs, but it highlights a lower proportion of recommendations implemented in 2018/19 compared to the other local authorities. The Welsh Chief Auditor performance measure in figure 5 of 'recommendations implemented v made' is a simple calculation based on the number of recommendations made and implemented over the year through the final reports issued.

Performance against recommendations implemented is being monitored via a performance target in Cardiff. The Cardiff measure provides additional focus, as it matches the recommendations completed to the agreed timescale. Performance against the measure is provided in figure 6.

Benchmarking data has been submitted to the Core Cities group. When received the final output will be reported to a future meeting of the Audit Committee.

The Internal Audit performance targets for 2019/20 are included within the table below:

Figure 6. Performance Targets for 2019/20 (and 2018/19 Outcomes)

Performance Indicator	2018/19 Outcome	2019/20 Target	Q1 Outcome
The percentage of audit reports delivered within six weeks	78%	85%	80%
The average number of audit productive days per FTE	142	170	42
The average number of finalised audits per FTE	12 <i>* 2018/19 measured draft audits</i>	12	3
The percentage of audit recommendations implemented within the agreed timescale	67%	90%	52%
The percentage of the audit plan completed	77%	80%	19%

The table above shows the actual performance achieved in 2018/19 and the targets set for 2019/20. In terms of last year's performance, the overall output and delivery for the year was in line with the targets set, but the productive days and levels of recommendations implemented within the agreed timescale were below target for 2018/19.

For the Q1 2019/20 position, the performance relating to reports issued and finalised was on target, and the level of the audit plan completed was only marginally below the pro rata target, representing reasonable audit delivery. It is anticipated that the proportion of the audit plan completed in Q2 will be in the region of 19% and marginally below the 20% level for each quarter. This is accounting for the typically lower level of audit output over for the summer period when a greater proportion of leave is taken by both audit staff and the management we engage with in undertaking audits. Study leave was also marginally higher than usual in the reporting period, resulting in the average productive days being slightly below target.

There has been a significant performance shortfall against the percentage of audit recommendations implemented within the agreed timescale. The primary reason for this dip in performance has been the effect of a cleansing exercise for school recommendations. As schools had a greater number of overdue recommendations and lower responses on progress, a proactive exercise was completed to contact relevant Headteachers for required updates. The exercise was successful in being able to identify the information and evidence required to close down a number of historic recommendations as complete. However, as the majority of the

recommendations which could be closed were overdue, this had a negative impact on the statistic of recommendations implemented within the agreed timeframe. The Audit Manager has reiterated the importance of proactively monitoring recommendations to the audit team, and has tasked an audit support officer with proactively monitoring schools to improve and sustain audit recommendation delivery and update information.

3.3 Audit Plan Delivery

There has been a steady start to audit delivery this year, as illustrated in the 'Audit Outputs' in section 2.1 of this report. At the time of reporting, a number of audit engagements are in the process of active fieldwork and, following the approach applied towards the end of last year, the Audit Manager has identified particular audits to target for delivery by the end of the financial quarter.

These audits targeted for delivery by 30th September are listed below, and their delivery would achieve a target of 38% Audit Plan at the end of quarter two. This target is considered to be stretching but achievable, and represents reasonable progress for a reporting period when a greater proportion of auditor and client leave is taken. The actual performance results for the full financial quarter will be reported to the Audit Committee in the November meeting.

Figure 7. Targeted 'Draft' Outputs by the end of Q2 (as at 16th August 2019)

	Audit	Status as at 16.08.19
Targeted to issue as draft by 30.09.19		
1	Cantonian – ICT Governance	Audit Review Stage
2	Ethics and values – Business and Personal Interests	Drafting
3	Direct Payments	
4	Stock systems (Vectec)	Fieldwork
5	NNDR - CRSA	
6	Main Accounting - CRSA	
7	PTE - Building Control	
8	Scrutiny Functions	
9	Learning Disabilities	
10	Fly Tipping	
11	Domiciliary Care	
12	St. Peter's Out of School Club and Governors' Fund	

13	Joint Equipment Service	
14	Roath Park Primary School	
15	Deprivation of Liberty Safeguards	
16	Stock systems (Tranman)	Research and Scoping
17	Resources - Asset management	
18	Governance and Legal Services - Asset management	
19	Information Governance	
20	Main Accounting - In Year Testing	
21	Film Unit	
22	Treasury Management - In Year Testing	
23	Strategic Estates - Processes	

Thematic audit work is being progressed with Asset Management work underway across directorates, and planning and preparation underway to deliver thematic audits on Counter-Fraud in Schools, and Health and Safety audits across directorates. Ahead of the planned CRSA audit on Counter-Fraud in schools, the Audit Manager and Group Auditor have provided a strategic briefing to the Chairs of Governors and to the School Budget Forum on the approach. Engagement is ongoing with management in the corporate Health and Safety Team, to develop an effective approach to the thematic audits of health and safety in directorates.

3.4 Processes

The management information available from both SharePoint and DigiGOV has been used to provide performance management information for each auditor, the section as a whole, and the information provided in this report.

An Audit Planning Pro forma has been developed and introduced in July 2019 to record the preliminary risk assessment for each audit in a consistent documented format. Each audit is subject to an initial risk assessment, but it has been considered that developing a document for this purpose would support the recording of this information in a consistent format. This proposed process development was reported to Audit Committee in June, following an internal review against the Local Government Application Note 2019 through a PSIAS Action Plan.

The updated PSIAS Action Plan is included in **Appendix D**, and includes two further actions. The first was in respect of developing an Audit Strategy to link to the risk based plan and to outline

the strategic intent of Internal Audit. This action has been completed and was reported to Audit Committee on 25 June. Additionally, in accordance with best practice, within the Audit Plan (Appendix B), it is now being recorded against relevant audits where the audit is considering / addressing a national issue.

Following the introduction of the Audit Strategy, the Audit Protocol, which covers the process flow within each individual audit, has been reviewed and subject to minor adjustment. The Audit Protocol is a concise document, designed to summarise the audit process, and it is provided for Audit Committee information in **Appendix E**. The Audit Planning Risk Assessment has been added, facilitated through the pro forma recently introduced as outlined above. Additionally, the audit control stages and the audit response process has been included.

3.5 Recommendations

Included within **Appendix F** are the red and red/amber open recommendations including the current management response for the information and monitoring of the Audit Committee. **Appendix G** contains the red and red/amber recommendations which have been completed since the last Audit Committee Meeting.

The table below shows the instances where implementation dates have been revised by audit clients on SharePoint (as at 16.08.19). This reporting mechanism is used to monitor progress and target discussions on the effective management of risk management in relationship management meetings each quarter.

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	34	6	28
Social Services	26	19	7
Resources	8	5	3
Housing and Communities	3	2	1
Planning Transport and Environment	24	8	16
Economic Development	9	9	0
External and grants	2	1	1
Fundamental	2	0	2
Corporate Governance	1	0	1
Governance and Legal Services	4	4	0
Other assurance	6	3	3

	119	57	62
Schools	68	33	35
TOTAL	187	90	97

Appendix H provides the red and red / amber recommendations with revised action dates, and the amber / green and green recommendations are provided to Committee via a separate route.

4. **CONCLUSION**

4.1 Summary

There has been reasonable audit progress in delivering the audit plan, with audit output expectations set through audit targets for the remainder of the quarter, and the allocation of audits to the team for quarter three. The benchmarking data received from Welsh Chief Auditors Group has provided comparative assurance in respect of audit productivity and delivery, whilst also reinforcing the underperformance identified through audit indicators on the timely implementation of recommendations by management. Once received, the Core UK City Local Authority benchmarking data will also be reflected upon and reported to the Audit Committee for consideration.

The Audit Team will continue to monitor the recommendation tracker and engage with management regularly to seek progress in the timely delivery of agreed recommendations. The Audit Committee will also continue to receive the full recommendation tracker in each Committee meeting as part of Audit Progress reports, and as part of senior Management updates on each directorate control environment.

Preparatory work and engagement has been positive with management and technical officers for the first phase of thematic audits in 2019/20. Arrangements will be made in quarter three for planning and engagement to commence on the commissioning & procurement and income & debtor thematic reviews.

There have been some small adjustments to audit processes to address the remaining areas in the PSIAS Action plan, and the Audit Protocol has been updated to reflect working practices and to provide further clarity of processes to audit clients and officers. The audit plan has been developed in some areas for this year, and the plan will continue to be monitored to ensure that any changes to risks or internal controls are appropriately reflected in the plan.