



# Internal Audit Annual Report 2014/15



## **MISSION STATEMENT**

To provide a high quality service to existing and potential clients and to attain wide recognition as a lead provider of audit, risk and investigative services, based on achieving a high standard of professionalism and expertise in service delivery

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## 1. INTRODUCTION

### The Annual Reporting Process

- 1.1. The annual report gives an overview of audit performance during 2014/15, seeks to provide an opinion on the adequacy of the control environment in the City of Cardiff Council, and report the incidence of any significant control weaknesses.
- 1.2. As set out in the Public Sector Internal Audit Standards (PSIAS), a professional, independent and objective internal audit service is one of the key elements of good governance, and is defined as:

*“an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations.”*

- 1.3. Management is responsible for the system of internal control and must set in place policies and procedures to ensure that the internal controls are functioning correctly. Internal Audit acts as an assurance function providing an independent and objective opinion on the Council’s control environment by evaluating its effectiveness in achieving objectives.

### Requirement for Internal Audit

- 1.4. The Council has a duty to maintain an adequate and effective system of internal audit of its accounting records and system of internal control.
- 1.5. The Audit & Risk Manager (the Chief Audit Executive – CAE - for the purpose of the Standard) must provide an annual internal audit opinion and report, timed to support the Annual Governance Statement. The PSIAS specifies that the annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. In doing so the Audit & Risk manager undertakes an assessment of the adequacy of the controls in place to support the achievement of management and corporate objectives.

### Report Preparation

- 1.6. This report has been prepared by the Audit & Risk Manager (CAE), based on the provision of the PSIAS. Assurance has been obtained from a number of sources including:
  - *Internal Audit Assignments* – work undertaken as prioritised within the Annual Audit Plan. Each assignment is risk based to deliver added value and to maximise resources. Includes some unplanned audits, undertaken at the request of Senior Management.

- *Selected Value For Money studies and exercises on spend analysis* - selected from areas of budget spend.
- *Discussion with Senior Managers* – relationship manager meetings are held on a quarterly basis with Directors, and the Audit Manager holds regular meetings with the Corporate Director Resources / Section 151 Officer and the Chief Executive.
- *Consultancy* - advice and guidance offered generally or in specific matters, including the role of “critical friend” where new and innovative systems are being designed and developed.
- *Investigations into Suspected Frauds* – through prevention, detection and oversight of all internal investigations.
- *Risk & Governance Engagement* – work in co-ordinating the Corporate Risk Register, the Annual Governance Statement and associated documents.
- *Programme and Projects Assurance* – supporting the POA framework and undertaking health checks around compliance.

#### Internal Audit Section Resources

- 1.7. During 2014/15, the section was led by two Audit Managers, on a job share basis. Both Managers are CIPFA qualified, and one also line manages the Council’s Pensions Section.
- 1.8. The Internal Audit team has 12 members of staff (10.5 FTE), made up of a Group Auditor, 2 Principal Auditors (1 temporary) , 2 Senior Auditors, 6 Auditors (4.5FTE) and an Audit Assistant. Members of the team hold various qualifications, including CIPFA and AAT.
- 1.9. At the start of the year, the Investigations team comprised 10 members of staff (7.9 FTE). In July, 4.5 FTE transferred to the DWP to become part of the Single Fraud Investigation Service, and a Senior Investigator retired at the end of July. Therefore, at the end of 2014/15, there were 3 members of staff in the Investigations team (2.3 FTE), all of whom are PINS trained.
- 1.10. The Risk and Governance role is undertaken by a Principal Auditor, who is ACCA qualified and also holds the CIPFA Certificate in Corporate Governance. The Programme and Project Assurance team is comprised of 1 Principal Auditor and 1 Senior Auditor (temporary) both qualified in programme and project management.
- 1.11. The total budget for 2014-15 was £980k but, with changes in benefit fraud arrangements and other factors, such as vacancies during the year, the actual gross expenditure was £856k. Of the section’s controllable budget, around 90% related to staffing costs.

## Independence and Objectivity

- 1.12. Internal Auditors are required to undertake audits in line with the provision of the PSIAS and in accordance with the Codes of Ethics of any professional bodies. The importance of independence is communicated to auditors and care is taken to ensure that all audit work is undertaken in an independent and objective manner. The PSIAS (1100) stipulate that any conflicts of interest or impairment to independence or objectivity must be disclosed and each year all members of Internal Audit are required to complete a Staff Declaration Statement. This identifies any potential conflict of interest that any member of the Audit team may have, which is considered when assigning audits.
- 1.13. The Audit & Risk Manager has direct reporting access to the Chief Executive, the Chair of Audit Committee and all elected Members as he considers appropriate.

## Continuing Professional Development

- 1.14. It is also specified in the PSIAS (1230) that Internal Audit staff have a personal responsibility to maintain and develop their competencies, so that they have the necessary skills and knowledge to undertake audits to a high standard. Members of staff are encouraged to attend courses provided by the South Wales Chief Internal Auditor group, and to identify other suitable CIPFA or IIA courses which are supported when budget restrictions allow. The provisions of the Council's Personal Performance and Development Review (PP&DR) process are fully supported in the section, and there are regular 1-2-1 meetings with the team members to discuss progress on assignments.

## **2. REVIEW OF INTERNAL CONTROL AND OPINION**

### Opinion 2014/15

- 2.1 Based on the sources of assurance outlined above the Audit & Risk Manager is able to provide **satisfactory assurance** on the adequacy and effectiveness of the City of Cardiff Council's overall framework relating to the management of risk, governance, internal control. Governance and risk management arrangements are considered to be well established and key policies updated and refreshed to reflect a changing environment in which the Council operates. Some Rules and associated guidance documents are in need of review and update but overall the fundamental principles of control are well set out.
- 2.2 Clearly, as reported audits have shown, instances of control weakness and non compliance has been identified, and improvements are required if the adequacy and / or effectiveness of internal control or governance is to be enhanced. This is evidenced by 17% of reported audits having a Limited Assurance audit opinion and the relatively high number of recommendations (756) raised,

highlighting where it is considered control or compliance needs attention. This level of Limited Assurance opinions does show an improvement on last year (27% in 2014-15) and most encouraging is that there has been a significant improvement where follow up audits are undertaken, with only 4 remaining where further improvement is still sought. The number of reported audits undertaken has been similar to last year and so a reduction in the number of recommendations arising from audits, down from 918 to 756 (18%) suggests an improvement in control, although this will depend on the subject areas covered within the Audit Plan.

2.3 At the time of writing this report, there are considered to be no significant issues arising from the work undertaken by Internal Audit that would have a major impact within the organisation. However, it should be noted that the level of cuts that the Authority is required to make to its budgets and the consequential downsizing of the organisation and number of staff employed (including in Internal Audit) is thought to be having a negative impact on the internal control environment. It is noted that despite still being very high, the number of audit recommendations agreed compared to those raised (756 proposed and 743 agreed - 98%) is down on previous years, reflecting the pressures some Directors are facing in resourcing some of the changes that Audit proposed. Management need to continue efforts to ensure that internal controls remain effective and robust and business cases to support any voluntary severance applications are fully considered. Unless these efforts are made, the residual risk exposure of the Council will increase. Auditors have a key role to play in supporting both the Section 151 Officer and Senior Managers more generally, to ensure fundamental controls are maintained and to work with them innovatively in considering how effective controls can be introduced where resources become more stretched.

### **3. SUMMARY OF WORK PERFORMED**

3.1 Internal Audit, as defined in the PSIAS, encompasses the whole internal control system and is not limited to financial controls. It is defined as helping “... *an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*”

3.2 The range of functions provided throughout the year is as outlined in our Audit Charter, considered by the Audit Committee as part of the Audit Strategy at its meeting in March 2015.

3.3 Details of all audits and audit opinions, together with other tasks performed and key performance indicators are reported quarterly to the Section 151 Officer and Audit Committee so they are regularly updated and aware of any matters arising from audit work.

3.4 Delivering the Audit Plan has been a challenge this year with a number of factors impacting on work undertaken. The Senior Auditor – Computer Audit left part way through the year to join a private sector firm, and his post has yet to be filled. The initial advertisement did not attract suitable candidates and the post has been reconfigured and re-advertised. In addition, a Principal Auditor was seconded to work on a Finance Service review, and his post was unfilled for around 3 months. There have also been two instances of long term sickness absence (one of six months and one of three months). With 10.5 FTE assigned to audit work any absence of any period has an impact on planned work.

3.5 At the end of the financial year the Principal Auditor (Governance & Risk) tendered her resignation to join a private audit company in early May 2015. A recruitment exercise is underway. At the time of writing this report the Principal Auditor (Programme & Projects) has resigned and is leaving at the end of May and a decision will need to be made regarding a replacement.

#### 4 Audit team

4.1 A summary of the final reports issued by Internal Audit during 2014/15 (and those at draft status at the year end) is attached as **Appendix A**. The overall level of audits reported is similar to the last two years, (at around 100) although the make up and complexity will be different.

4.2 Through constant monitoring and prioritisation the focus remained on high risk audits and 23 of these were finalised or at draft report stage at year end, although there was some slippage and a need to prioritise some high risk audits in the Audit Plan for 2015/16. Of these, six were Limited Assurance where follow up audits are scheduled and further work is required to enhance controls and compliance in these areas.

4.3 A further 32 audit reports relating to Medium risk areas were issued, of which four were limited assurance (an additional two may result in limited assurance opinions, pending further discussion on the draft report), and eight grant audits completed, of which one raised some concerns.

4.4 Following up previous audits, where there was a "Limited" or "No" assurance opinion, has taken more time this year, with 26 being undertaken, of which 22 have seen satisfactory progress, leaving 4 requiring further review. This is considered to be a high profile area as it is key for Managers to react to audit recommendations to enhance control where gaps or compliance is flagged up as a concern.

- 4.5 It should be recognised that not all of the work undertaken by the Audit team results in an audit report or grant certificate. Work is undertaken in areas that provide assurance on risk management and internal control, including advice and guidance (both on current issues and on system development) and interpretation of Council Regulations. **Appendix B** provides a list of work areas where an audit report may not be the outcome.
- 4.6 In order to maximise audit resources, the approach using Control Risk Self Assessment (CRSA) has been extended over the past 12 months; a full programme is now in place for schools and this approach has been successfully used for a number of core financial systems. In schools, this has included a series of workshops to outline the process and get buy-in, and feedback has been very positive. There are plans to have completed CRSAs from all schools and for all core financial systems by March 2016.
- 4.7 A key element of our role has continued to be as “critical friend”, working with others when systems and processes are being redesigned and reconfigured to meet changing demands. Here our role in ensuring risks are properly identified, mapped and mitigated and controls adequately considered and prioritised and projects delivered to scope, time and budget is consider important, especially where the Council is undergoing such rapid change to deal with budgetary and other wide ranging pressures.
- 4.8 Regarding systems and processes, a significant amount of work has again been done reviewing our working practices across the Section over the past 12 months, building on previous work around lean auditing. A major service review was completed in the autumn which entailed a detailed examination of key activities and an assessment of where time was being spent, resulting in some areas for further development. A small Audit development team has been established to progress actions arising from the review and an opportunities log is being maintained and regularly discussed. Audit protocols and working methods have been updated and engagement with clients has continued to shape and enhance the service provided. Audit also volunteered to be a pilot site for the introduction of SharePoint, an electronic document management system and, in working towards implementation in May 2015, a huge amount of work has been undertaken in streamlined filing systems and administrative process, which has helped with our push to having a paperless office.

#### Recommendations agreed with management

- 4.9 The recommendations raised in audit reports are given a risk rating in line with the risk ratings in the Council’s corporate risk strategy (i.e. red, red / amber, amber / green and green). The table below sets out the recommendations raised by the assurance level given:



<b>Risk Rating</b>	<b>Recommendations Raised by Auditor</b>	<b>Recommendations Agreed by Client Manager</b>	<b>Percentage Agreed to Raised</b>
Red	107 (14.15%)	104 (13.76%)	97%
Red / Amber	364 (48.15%)	359 (47.49%)	99%
Amber / Green	271 (35.85%)	266 (35.19%)	98%
Green *	14 (1.85%)	14 (1.85%)	100%
<b>TOTAL</b>	<b>756</b>	<b>743</b>	<b>98%</b>

4.10 The number of green risk recommendations is low as these are often discussed with the client at the exit meeting when the draft report is discussed in order that these matters do not disproportionately attract attention when the final report is issued.

4.11 The figures show that with 98% of audit recommendations agreed that managers welcome ideas as to how governance or controls can be enhanced and it provides a degree of assurance that the auditor understands the risks and is adding value through the fieldwork undertaken. In the event of disagreement to a recommendation, the Auditor will discuss the issue and risk arising with management in the first instance. Where managers do not agree to either the finding or recommendation, the Audit & Risk Manager will raise the matter with the Director of the directorate in question.

4.12 As stated above, it is interesting to note the number not agreed this year is higher than before, which is thought to highlight the pressure faced by senior management to resource implementing changes.

#### Recommendations Acted upon

4.13 Important as it is that audit recommendations are agreed, change will only happen if the recommendations are implemented and so audit reports are monitored until all actions are closed. The database is regularly analysed and reports prepared every quarter of open actions. The onus rests with Managers to action the recommendations, and close the audit, but Audit staff closely monitor this and chase Directors to keep on top of their open audits. It should be remembered that for every Limited Assurance audit, that tend to have the highest number of recommendations, will be revisited within six months and, for every audit, a previous Action Plan will be reviewed as a priority at the next audit, albeit this may be some time into the future, subject to the risk rating of the audit.

4.14 Over the past 12 months, the number of open cases on the database has fluctuated with a reduction towards the year end noted. There are around 40 cases open on the database, at any point in time, as new cases are continually added. What has seen a significant improvement is the number of longer standing cases closed, partly through increased awareness of how these are reported to the Section 151 Officer and Audit Committee as well as Directors being more held to account for actioning the audit recommendations. It is important these are monitored given the need to enhance compliance and protect the control environment across directorates.

#### Investigation Team

4.15 In July, following the implementation of the Department for Work and Pensions (DWP) new Single Fraud Investigation Service, five members of the Investigations team (four investigators and an admin officer) transferred to the management of the DWP. In addition, the Senior Investigator retired during the year, and this post was not be filled as part of savings for 2015-16. These changes have resulted in the reduction in days available to the investigations team (2.3FTE).

4.16 The Investigation team has continued to be proactive in fraud prevention and detection and continues to oversee and investigate potential irregularity referrals. The team received 298 referrals during the year, relating to issues regarding Blue Badges, Council Tax liability, Council Tax reduction, Housing, NDR, employees and the non receipt of cheques. A summary of the employee cases is shown in **Appendix C** to provide Members with a view of the range of matters investigated.

4.17 Updates of the *Fraud, Bribery and Corruption policy* and the *Money Laundering policy* have been drafted, shared with the Audit Committee and are due to be presented to the Council's Cabinet in May 2015. The team has also had input into a review of the Council's Disciplinary Policy to ensure policies compliment each other, rather than overlap, confuse and duplicate issues. An e-learning module is being developed to raise fraud awareness and encourage a more consistent approach to have suspected cases are investigated and reported. The intention is that this will be used to target senior managers and new starters, to help to address previous concerns around inconsistent sanctioning and help to ensure high standards of investigation.

4.18 Data was provided to the Audit Commission in quarter 3, 2014/15 in respect of the NFI 2014. The Investigations team received the output from this during January 2015. A total of 5,707 recommended matches were received at this point, although it should be noted that the majority (4,136 or 72%) relate to concessionary travel passes. The Investigations team is in the process of reviewing the matches to identify those that require further investigation. There are reported as the year progresses.

## Risk and governance

- 4.19 The audit team has continued to facilitate and challenge the review of the Corporate Risk Register (CRR) throughout the year attending Senior Management Team to ensure collective “buy in” of the strategic risks facing the Council following updates by individual risk owners. The register was presented to Audit Committee and Cabinet twice during 2014/15, to reflect the year end and mid point position.
- 4.20 A number of meetings took place between the nominated Member Risk Champion and the Audit & Risk Manager, and the latter also provided training to the Cabinet on risk management principles. A risk – budget scrutiny workshop was also held with Scrutiny Members. The level of Member engagement during 2014/15 has been encouraging which will have enabled Members to be informed of the strategic risks facing the Council when making decisions.
- 4.21 The Annual Governance Statement (AGS) 2013/14 was finalised in accordance with the accounting deadlines and presented to the Audit Committee in June and September 2014. The drafting of the AGS 2014/15 commenced in quarter 4, where a report relating to the process of compiling the AGS was presented to Audit Committee in January 2015 and a further update reported in March. Senior Management Assurance Statements were circulated to Directors for completion at the year end position. A final draft of the AGS will be incorporated into the draft Financial Statements and presented to Audit Committee in June 2015.
- 4.22 The Risk & Governance team has supported the work of the Audit Committee by producing a number of reports e.g. in relation to the Corporate Risk Register, the Annual Governance Statement and an annual assurance summary. Support has also been provided through facilitation of the Committee’s Annual Self Assessment exercise and the drafting of the Committee’s Annual Report.

## Programmes and Project assurance

- 4.23 The Programme & Project Assurance function has focused primarily on establishing a governance framework for the Organisational Development Programme, which will deliver new models of working and manage the delivery of strategic change. This work is closely aligned to implementing outcomes which mitigate the risks identified in the Wales Audit Office Corporate Assessment. A Health Check was undertaken of the actions identified in the Corporate Assessment, which produced details on what had been delivered and set out an action plan. This was approved at the Organisational Development Board and is being used to inform programme and project scopes, delivery plans and risks.

- 4.24 A primary role in 2014/15 has been providing advice, guidance and mentoring to the Organisational Development Programme and associated projects, working closely with the Corporate Director of Resources. Advice and guidance on governance was also provided to Health & Social Care, Category Management, Housing Partnership and Independent Living. Extensive engagement has taken place between Internal Audit and Directors, focusing on learning lessons from previous programmes and projects, so they can be integrated into the governance framework and delivery plans for Organisational Development, therefore reducing the Council's overall risk profile.
- 4.25 The team has also supported the introduction of a transparent reporting framework by working with programme teams to develop Programme Briefs, Plans and Risk registers for Assets & Property; Engagement & Improvement; Governance & Member Engagement and Strategic Commissioning. The team has also been instrumental in developing the governance framework for the new Investment Review Board (IRB), which evaluates project business cases and determines where investment in change should be focused.
- 4.26 Since April 2014, 37 Council staff have attended Corporate PQA Project Management training, which is delivered by the team on behalf of the Cardiff Academy. Course evaluations have shown 100% satisfaction from attendees, and the Council's maturity in managing projects is continuing to increase as a result of this formal training.

#### **4. AUDIT PERFORMANCE AND ADDED VALUE**

##### Quality Assurance

- 4.1 Internal Audit is committed to working to the highest professional standards, and to delivering a quality product that adds value to senior management. As such, performance is actively monitored and feedback from management is encouraged.
- 4.2 An Audit planning control database is maintained to effectively monitor work done in line with that planned. This includes the audit universe and for each year is where the detail of the Audit Plan is kept. The database is used to allocate assignments and record work done in areas, to provide key performance information for management. Auditors are required to complete timesheets to record work undertaken on their assignments and tasks they are allocated (which are approved weekly by a senior auditor), so management can continually assess the Plan v Actual position for individual audits and across the overall Plan.
- 4.3 Each audit is subject to a qualitative review by a senior member of the team who ensure the focus on key risks is retained throughout the course of the assignment and time is used to best effect. The reviewer will undertake checks to ensure professional standards are maintained and no report

is sent out without a review by a senior member of the team. Any Limited Assurance report or any with any significant issue to report are reviewed by the Audit & Risk Manager.

- 4.4 Following the issue of a draft audit report a meeting is held with the Client Manager with an opportunity for them to challenge the audit findings and proposed recommended actions. This provides a degree of assurance that the final reported position is accurate and reflects the appropriate risk profile of the audit and any recommendations for improvement are considered.

#### Post Audit Assessment & Customer Feedback

- 4.5 As part of qualitative assurance, the Audit team uses a process known as “post audit assessment”, which includes a client questionnaire.
- 4.6 The Post Audit Assessment sets out the core competencies required whilst undertaking an audit and the auditor for each assignment has to score their performance against each of these competencies. The Senior Manager who reviews the audit then scores the auditor’s performance having reviewed the evidence held on the audit working file and the assessment is then signed off by both and forwarded to the Audit & Risk Manager. The assessment is useful in providing assurance that key competencies are evidenced throughout the audit process and as a useful means of identifying training needs. Analysing the assessments helps focus individual PPD reviews and provides audit management with an overview of performance at the different grades. Results show most performance as “effective” with some showing as “developing” with a few “outstanding” and rarely is auditors’ performance measured as “ineffective”, considered to be consistent with the experience we have amongst the team.
- 4.7 Following each audit Client Managers are contacted and asked to complete a Quality Assurance Questionnaire, recognising the value placed on the feedback they provide. These questions cover four categories, and the results are used to determine areas for improvement.
- 4.8 During the year, 55 questionnaires were issued and 47 (85%) returned (target is two-thirds - 66%). The results from the questionnaires are summarised in the table below:

	Excellent	Good	Satisfactory	Unsatisfactory	TOTAL
Auditor performance	32	14	1	0	47
Report	26	19	2	0	47
Auditor Advice	26	20	1	0	47
Communication	38	9	0	0	47

	<b>122</b>	<b>62</b>	<b>4</b>	<b>0</b>	<b>188</b>
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- 4.9 It can be seen that the feedback from the audit questionnaires is very positive, which is encouraging as the nature and complexity of the assignments continues to change. The questionnaires also ask Managers to indicate whether they consider that the audit process added value and there were only two negative responses. It can be seen that the majority of the auditees felt that the audits undertaken are constructive and add value. The two assignments where it was felt that the audit did not add value related to a grant (IMLU), and the Youth Offending Service, where the service is in the process of being redesigned. Audit management discussed these scores with the managers concerned.
- 4.10 There was a change in process during the year with the questionnaire completed by telephone, rather than in writing, and this has proved a real benefit as talking to Client Managers allows for much greater scope of assessing the audit and seeking their honest views on how it went and what value it added.

#### Audit Recommendations

- 4.11 The extent to which audit recommendations are agreed by senior managers is used as a measure of auditor's performance as a high level suggests an understanding of the risks and controls within the area under review and adding value by proposing meaningful changes and cost effective changes. Details of these have already been provided above.

#### Benchmarking

- 4.12 The Audit team is a member of the Welsh Chief Auditors benchmarking group and has, previously, been a member of the CIPFA Internal Audit benchmarking group. The membership of the latter group will be resurrected for 2014/15 (comparative data available from summer 2015).
- 4.13 Variance analysis within groups is undertaken once the various statistics have been gathered and a report is provided to the Section 151 Officer and Audit Committee, normally around September.
- 4.14 Whilst proactive in this area and benefiting already from having comparative data to analyse, the service review has suggested scope to do more in this area and work has commenced looking at UK core cities and working with them more closely to identify best practice. This has been recognised as an objective in plans for 2015-16.

#### Self Assessment and Peer review

- 4.15 Every year the Audit & Risk Manager completes the PSIAS self assessment evaluation and in doing so is able to confirm the work of the Audit team conforms to the standard. Again this year there are no

significant non conformances considered worthy of reporting. This assessment is shared with the Wales Audit Office which looks to rely to a degree on the work of colleagues in Internal Audit. One area which needs monitoring is in relation to independence. Work on risk management and governance is largely separated out within the team and, in fact, an audit was undertaken on risk management during 2014-15, but some work undertaken by the two members of the team engaged on programme and project assurance does involve advising on the PQA framework and at times they are drawn into issues, but always minded that this is in an advisory role and they play no part in decision making in these areas.

- 4.16 The work done by Internal Audit in supporting and providing assurance to the Audit Committee around risk, governance and internal control is a key element of the Audit Committee's own assessment and the recent exercise provided an encouraging response in relation to the work done by the Audit teams and the way in which their reports are presented .
- 4.17 More work is planned with neighbouring authorities for a peer review of audit arrangements, systems and processes ahead of a full external assessment over the next two to three years, as required within the Standard. The outcomes of this should be reported during 2015-16.

## Audit Reports Issued

Audit Area	Audit Opinion	High Risk Recommendations		Comments
		Proposed	Agreed	
<b><i>Fundamental / High</i></b>				
Harbour Authority Stores	Satisfactory	1	1	
Brindley Road Stores	Limited assurance	2	2	20 recommendations overall
Education Catering Stores	Good	0	0	
Allocations, lettings and voids	Satisfactory	1	1	
Supporting People	Limited assurance	2	2	12 recommendations overall
Audit of risk management processes	Satisfactory	0	0	
Firewall and corporate internet content filtering	Satisfactory	1	1	
Children with Disabilities	Limited assurance	7	7	21 recommendations overall
Sponsorship Arrangements	Limited assurance	3	3	12 recommendations overall
Duplicate Payments	Satisfactory	0	0	E-mail sent to action
Rent setting	High assurance	0	0	
Supervised Contact Service	Limited assurance	2	2	11 recommendations overall
Treasury Management (CRSA and in year testing)	Satisfactory	0	0	
Casual staff	Satisfactory	1	1	
Agency placements	Satisfactory	2	2	
Brindley Road stores	Limited assurance	1	1	24 recommendations overall
Data Storage and Capacity Management	Satisfactory	0	0	
Invest to Save	Satisfactory	0		Draft report issued
Cheque Printing	Satisfactory	2		Draft report issued
NDR	Satisfactory	0		Draft report issued
Council Tax	Satisfactory	0		Draft report issued



Audit Area	Audit Opinion	High Risk Recommendations		Comments
		Proposed	Agreed	
<b>Medium</b>				
Ysgol Pen y Pil	Limited assurance	12	12	38 recommendations overall
Hubs – income review	Limited assurance	8	8	11 recommendations overall
Llanedeyrn High School	Satisfactory	0	0	
Ysgol Bro Eirwg	Limited Assurance	18	18	70 recommendations overall
Llanedeyrn Primary School	Satisfactory	1	1	
Cardiff White Water Rafting Centre – income review	Satisfactory	0	0	
Hubs (Libraries) – income review	Satisfactory	3	3	
KD146 Staffed Accommodation	Satisfactory	0	0	
KD172 Staffed Accommodation	Satisfactory	0	0	
Cardiff Bay Visitors Centre - income	Satisfactory	0	0	
Coed Glas Primary School	Satisfactory	2	2	
St. Cuthbert’s R.C. Primary School	Satisfactory	0	0	
KD143 Staffed Accommodation	Satisfactory	0	0	
KD174 Staffed Accommodation	Satisfactory	0	0	
Glyn Derw / Michaelston Federation	Limited Assurance	2	2	24 recommendations overall
Herbert Thompson Primary School	Satisfactory	0	0	
Llanishen Leisure Centre – café	Satisfactory	1	1	
St. David’s Hall Box Office	Satisfactory	2	2	
Storey Arms	Satisfactory	2	1	
Student Awards	Satisfactory	0	0	
Caretaking and Cleaning	Satisfactory	3	3	
Leisure Centre – income	Satisfactory	0	0	
Marlborough Primary School	Satisfactory	0	0	
City Centre TIC	Satisfactory	0	0	
Llysfaen Primary School	Satisfactory	1	1	

Audit Area	Audit Opinion	High Risk Recommendations		Comments
		Proposed	Agreed	
Independent Living Project	Satisfactory	0	0	
Youth Offending Service	Satisfactory	0	0	
Food Safety	Satisfactory	0	0	
Greenway Primary School	Satisfactory	1	1	
Pen y Bryn Primary School	Limited Assurance	8		Draft report issued
Pencaerau Primary School	Satisfactory	0		Draft report issued
St. Monica's	Limited Assurance	9		Draft report issued
<b>Grants / Accounts / External Bodies</b>				
Cymorth	Limited assurance			
Cardiff Tenants and Residents Federation	Satisfactory	0	0	
IMLU	Satisfactory	0	0	
Glamorgan Archives	Satisfactory	4	4	
Homelessness grant	Satisfactory	0	0	
Neighbourhood Fund	Satisfactory	0	0	
School uniform grant	Satisfactory	0	0	
Cardiff Further Education Trust Fund	Satisfactory	0	0	
<b>Follow-ups</b>				
Domiciliary Care framework	Satisfactory progress	1	1	
Ysgol Glan Morfa	Satisfactory progress	1	1	
Pre-contract: Tenders and Quotes	Satisfactory progress	0	0	
St. Teilo's	Satisfactory progress	0	0	
Oakfield Primary School – 5 <sup>th</sup> follow up	Satisfactory progress	0	0	
Moorland Primary School	Satisfactory progress	1	1	
Corporate Appointeeships	Satisfactory progress	0	0	
Pentyrch Primary School – 2 <sup>nd</sup> follow up	Satisfactory progress	0	0	
IT Asset Management	Satisfactory progress	0	0	
East Moors Youth Centre	Satisfactory progress	0	0	
Rumney High School	Limited assurance	9	9	21 recommendations

Audit Area	Audit Opinion	High Risk Recommendations		Comments
		Proposed	Agreed	
				overall
Hubs – income review	Satisfactory progress	0	0	
Safeguarding & Review – Core Group process (2 <sup>nd</sup> follow up)	Limited assurance	4	4	10 recommendations overall
Direct Payments (CH&CS)	Satisfactory progress	0	0	
Highways Street Operations payroll	Limited assurance	0	0	17 recommendations overall
St. Alban’s RC Primary School	Satisfactory progress	1	1	
Commercial Catering	Satisfactory progress	0	0	
HB / self employed assessments	Satisfactory progress	1	1	
ICT Business Continuity Planning	Satisfactory progress	1	1	
Receipt, custody and opening of tenders	Satisfactory progress	0	0	
St. Joseph’s Primary School	Satisfactory progress	1	1	
Llanedeyrn Primary School	Satisfactory progress	1	1	
Ysgol Pen y Pil	Satisfactory progress	1	1	
Ysgol Bro Eirwg	Satisfactory progress	0	0	
Payroll overpayments	Limited assurance	1	1	9 recommendations overall
Direct Payments – Resources	Satisfactory progress	1		Draft report issued
<b>Ad hoc assignments</b>				
Additional salary payments		E-mails to Directors		
Sickness absence		E-mail to HRPS		
Consultants - VAT		E-mail to Director		
Consultants – PDD		E-mail to Director		
Consultants – Organic Waste		E-mail to Director		
Willowbrook Primary School – income procedures				
Rhiwbeina Primary School – sale of equipment				
Castle overtime review		Draft report issued		
Pool cars		Draft report issued		

### Work Areas where a Standard Audit Report is not prepared

It is important to understand that much work undertaken within Audit will not have a report as an outcome. The following list is not exhaustive, but shows some areas where audit time and resources have been spent during the year without necessarily producing a report as an output.

Work Area	Brief Details of Audit Involvement
Efficiency / Change and other projects	Work continues being a critical friend and providing advice and guidance to a number of programmes and projects. Audit Management are attending meetings and working groups to input to risk assessments and system developments, especially where financial processes are involved.
Procurement and Spend	Auditors are engaged on procurement matters, attending working groups and providing input on risk management and controls. Also data gathering and challenging spend. A series of email has been send to Directors challenging spend in some areas e.g. high earners, agency costs.
Alleged Fraud Investigation	<p>The Investigation team is involved wherever there is any suspicion of fraud, corruption or malpractice of a financial nature. Where the task involves reviewing a financial system, an Auditor would also be assigned to provide assurance around controls to minimise any repeat. These are generally unplanned and can be time consuming. Given the nature of the referral and potential risks associated with any fraud continuing they require prioritisation, often to the detriment of other “planned” work.</p> <p>Allegations being investigated are summarised and reported regularly.</p>
Grants	There continues to be demand for Audit of grant claims, albeit somewhat reduced from previous years as more grants are subsumed into the Council’s main RSG. This provides an income stream but has to be managed in terms of resources.
Ad hoc Requests	Enquiries and assignments e.g. appointment of consultants, Invest to Save.
Schools - General	Specific problems in schools have required audit attention. Senior Management from Audit is now attending Governing Body meetings where a Limited Assurance opinion is considered. CRSA workshops are ongoing.
Directorates - general	Advice, guidance and training is provided to directorates on topics such as procurement systems and rules, DigiGOV and imprest accounts. Officers are also active members of service review groups, implementation boards, etc.
Rules and Regulations	Advice and guidance and sharing of best practice in many areas. General work around governance.
External Clients	<p>Audit of clients’ risks, systems and procedures (as per Terms of Reference) (Income stream) Audit of Accounts e.g. Tenants Federation, Glamorgan Archives.</p> <p>Provision of advice due to knowledge on risk management and controls.</p>
Imprest (Petty Cash) Accounts	Advice, guidance, training and assisting in the reconciliation process.
Audit Committee	Advice, reporting and support – including induction training, work planning.
Financial Stationery	Ordering, control and distribution.

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