



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## **GOVERNANCE AND AUDIT COMMITTEE**

**12<sup>th</sup> JULY 2024**

### **REPORT OF THE CHIEF ACCOUNTANT TECHNICAL & GOVERNANCE (Head of Internal Audit) – DIANE MULLIGAN**

#### **Matter for Information**

##### **Wards Affected:**

All Wards

#### **2023/24 Annual Internal Audit Report**

##### **1. Purpose of the report**

The purpose of this report is to provide the committee with the Head of Internal Audit's (HIA) Annual Opinion on the internal controls, governance and risk management arrangements operating within the Council during the financial year 2023/24. It also provides details of the work undertaken by the Internal Audit Service during 2023/24 and achievement against the plan.

##### **2. Background**

2.1 The Public Sector Internal Audit Standards (The Standards) define Internal Audit as an independent, objective assurance and consulting activity designed to add value and improve an organisation's objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- 2.2 The Standards require the HIA to provide an annual internal audit assurance statement which informs the Annual Governance Statement. The annual internal audit opinion must reflect the overall adequacy and effectiveness of the internal controls, governance and risk management arrangements operating within the Council; provide a summary of the audit work undertaken; draw attention to any issues which have impacted the assurance provided; provide a summary of the service's performance and comment on the service's conformance with The Standards.

### **3. Assurance Statement**

- 3.1 In accordance with The Standards the HIA is required to provide a statement of assurance on the systems of internal control, governance and risk management arrangements operating within the Authority.
- 3.2 A total of 62 audit were undertaken during the year of which 20 received a substantial assurance rating, 23 reasonable assurance rating 5 a limited assurance rating and 1 no assurance. The remaining audits were of the type that do not require an assurance rating e.g. special investigations / grant audits.

No significant cross directorate control issues have been identified which would impact on the Council's overall control environment and any weaknesses identified were service specific. All recommendations made were accepted by management and no issues were found during the post audit review process.

- 3.3 No recommendations were made by external regulators in relation to governance matters in the year.
- 3.4 Following the work carried out by Internal Audit via the risk based audit plan approved by the Governance & Audit Committee; the assurance ratings applied to individual audit assignments and reported to Governance & Audit Committee; the acceptance and implementation of internal audit recommendations by management; the overall coverage of internal audit work and considering other sources of assurance provided by external agencies. The HIA's opinion

is that **reasonable assurance** can be given that there have been no major weaknesses noted in the relation to the internal control systems, governance arrangements and risk management processes operating within the Council.

- 3.5 It must be stressed that in providing this annual audit opinion that assurance can never be absolute, the most that the HIA can provide to this committee is reasonable assurance that there are no major weaknesses in the internal control systems examined during the year.

#### **4. Internal Audit Performance**

- 4.1 During 2023/24 the section again lost a substantial amount of time, 336 audit days, due to staff sickness and vacancies. The sickness and vacancy had an obvious effect on performance and required a revised audit plan to be approved by committee in January 2024. Despite the loss of days the team achieved the following:
- 60 % of high risk audits were undertaken
  - 100% of medium to low risk audits were undertaken
  - 81% of the plan was achieved
  - 100% of recommendations were accepted and there were no significant issues identified during Post Audit Reviews in relation to the recommendations being implemented
  - A total of 62 formal audit reports were issued
  - 60% of client satisfaction surveys issued were completed
  - 100% of clients audited rated the services as good from a choice of good, satisfactory, unsatisfactory or poor.
- 4.2 Appendix 1 provides a comparison of the work undertaken against the work planned.
- 4.3 In addition to the formal audits undertaken, which resulted in a report being issued, the team provided advice and guidance on an ongoing basis to staff across the Council; attended working parties/task and finish groups/project boards and provided advice on new systems being implemented.

## **5. Conformance with The Standards**

- 5.1 The Standards which became effective on 1<sup>st</sup> April 2013 introduced a requirement that each internal audit service be externally quality reviewed every 5 years. The latest review of this Council's internal audit service was finalised in August 2023 and concluded that the service generally conforms to The Standards, there is no higher rating.
- 5.2 The standards mandate that each service must maintain a Quality Assurance & Improvement Programme (QAIP) which is intended to aid the raising of standards within the service. The current QAIP is attached as appendix 2.
- 5.3 The organisational independence of the service remains unchanged. Both the HIA and the Audit Manager are 3<sup>rd</sup> tier officers who have unrestricted access to the Chair of this committee, the Chief Executive and all Chief Officers. The day to day management of the service is undertaken by the Audit Manager and the HIA has no input into the content of any audits undertaken in areas also managed by her.
- 5.4 On an annual basis all members of the team make an annual declaration in relation to land or property within the county borough in which they have an interest; any personal relationships with other Council employees or members; any outside business interests and any gifts or hospitality accepted or declined. Additionally they sign a declaration acknowledging that they have received a copy of The Standards Code of Ethics and agree to conform to its principles.

## **6. Integrated Impact Assessment**

There is no requirement to undertake an Integrated Impact Assessment as this report is for monitoring/information purposes.

## **7. Valley Community Impacts**

No implications.

## **8. Work Force Impacts**

No implications.

## **9. Legal Impacts**

No implications.

## **10. Risk Management Impacts**

The work of Internal Audit is key in relation to ensuring compliance with internal controls and good governance. This work forms part of the Council's overall risk management arrangements.

## **11. Consultation**

There is no requirement for external consultation on this item.

## **12. Recommendation**

Having due regard to the Integrated Impact Assessment it is recommended that members note the information contained within this report.

## **13. Reason for proposed recommendation**

To ensure compliance with the Public Sector Internal Audit Standards and the Council's governance framework.

## **14. Appendices**

Appendix 1 – Internal Audit Plan Year End Position

Appendix 2 – Quality Assurance & Improvement Programme

## **Officer Contacts**

Diane Mulligan, Chief Accountant Technical & Governance/HIA  
[d.mulligan@npt.gov.uk](mailto:d.mulligan@npt.gov.uk) telephone 01639 763603

Anne-Marie O'Donnell, Audit Manager  
[am.odonnell@npt.gov.uk](mailto:am.odonnell@npt.gov.uk) tel. 01639 763628

Appendix 1 - Audit Plan Year End Position

<b>Audit Plan Item</b>	<b>Risk Rating</b>	<b>Year-end position as at 31<sup>st</sup> March 2024</b>
Ethics – Members(carried forward from 22/23)	M	Audit not completed at year-end to be finalised quarter 1 2024/25
Payroll	H	Not complete at year-end carried forward to 2024/25
Council Tax	L	Completed via Controlled Risk Self-Assessment
Housing Benefits	L	Completed via Controlled Risk Self-Assessment
National Non-Domestic Rates	M	Completed via Controlled Risk Self-Assessment
Debtors	L	Completed via Controlled Risk Self-Assessment
Creditors (monthly checks)	M	Monthly checks completed
Creditors	M	Audit Completed
Risk Management	M	Not completed at year-end carried forward to 2024/25
Direct Payments (added from contingency budget)	H	Audit Complete
Capital Programme	H	The Audit Manager has continued to attend meetings of the Capital Programme Steering Group
Court Deputy Service (added at request of Chief Finance Officer)	H	Audit Complete
Licencing	M	Audit Complete
Cyber Security	H	Audit not completed at year-end to be finalised quarter 1 2024/25
Glamorgan Education Trust Grant & any other grants received	M	Audit Complete
Primary Schools	M	All planned completed
Comprehensive Schools	H	All planned completed
Safe Recruitment in Comprehensive Schools	M	Audit Complete

<b>Audit Plan Item</b>	<b>Risk Rating</b>	<b>Year-end position as at 31<sup>st</sup> March 2024</b>
Leisure Services Insourcing	H	All meetings attended
Stores	H	Audit complete
Waste Costs	H	Audit not completed at year-end to be finalised quarter 1 2024/25
Waste Transfer Station (added from contingency budget)	H	Audit Complete
Supported Living Arrangements	H	Audit not completed at year-end to be finalised quarter 1 2024/25
Follow up on use of respite care (carried forward from 22/23)	M	Audit Complete
Disabled Facilities Grants	M	Audit Complete
Homelessness to include youth homelessness	H	Carried Forward to 2024-25 due to ongoing sickness
Community Independence Team	M	Audit Complete
Procurement Cards	H	Audit Complete
Officers Declarations	M	Audit Complete
Mandatory Training (added from contingency budget following concerns raised)	H	Audit Complete
National Fraud Initiative (NFI)	H	A number of reports investigated
Staff Association/Lottery	Not applicable	Advice has been given and bonus draws attended.
Vision Impaired West Glamorgan	Not applicable	Audit Complete
FOI requests	Not applicable	All received have been answered.
Attendance at working parties & task & finish groups	Not Applicable	Various attended.
Advice & Guidance requests	Not applicable	Ongoing

## **Quality Assurance & Improvement Programme (QAIP)**

The QAIP should be based on the following to ensure compliance with the standards:

- Work undertaken by auditors is supervised and reviewed.
- An internal review of the quality of work undertaken and compliance with The Standards should be undertaken annually.
- External quality reviews should be undertaken at least every 5 years by an independent qualified person to assess the quality of the work undertaken and compliance with the Standards.

## **Internal Assessment**

The following processes are in place to assess the quality of work and inform any potential training needs:

- Internal audit work programmes are devised by the Audit Manager or the Senior Auditor and loaded onto our internal audit management system. Each audit clearly states the audit objectives, risks, expected controls and audit testing to be undertaken. This approach is only varied by agreement with the Audit Manager.
- Every audit is reviewed by the Audit Manager or Senior Auditor and any review points added to the system for the auditor to respond to before the draft report is reviewed.
- All draft reports are reviewed by the Audit Manager before they are issued.
- The HIA undertakes periodic dip sampling of audits undertaken.
- All audits are allocated to staff based on their experience and skill set.
- A client satisfaction survey is issued to the accountable manager of the service audited following the audit. These are returned under confidential cover to the Chief Finance Officer before being shared with the Audit Manager. Any issues identified from the questionnaires are dealt with by the Audit Manager.
- A number of KPIs are maintained all of which are recorded via the audit management system and collated by the Senior Auditor.
- Regular 1:1 meetings are held between all staff and the Audit Manager where workloads, training needs and any identified issues are discussed.



- Staff regularly undertake training and have all completed the mandatory NPT training courses.
- 2 members of the team are currently studying for the Chartered Internal Auditor qualification.
- On a quarterly basis progress against the plan is reported to the Governance & Audit Committee.
- It is intended that going forward the HIA will complete an annual assessment using the guidance contained within CIPFAs Local Government Application Note

- **External Assessment**

An external assessment of compliance with the Standards must be undertaken at least every 5 years and can be either an internal self-assessment which is subject to external evaluation or a full external quality assessment.

The preferred method is an internal self-assessment independently reviewed and reported upon. This is facilitated via the Welsh Chief Auditors Group and our review has been undertaken by Conway County Borough Council.

The findings of the review were reported in full to the Governance Audit Committee.