RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL MUNICIPAL YEAR 2019/20

AUDIT COMMITTEE 20 th July 2020	ITEM NO. 7
REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE in consultation with the DIRECTOR OF FINANCE & DIGITAL SERVICES	INTERIM RISK BASED INTERNAL AUDIT PLAN 2020/21

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1. PURPOSE OF THE REPORT

1.1 This report provides Members with the Interim Risk Based Audit Plan for 2020/21.

2. **RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Review and approve the interim Internal Audit Plan for 2020/21.
- 2.2 Receive updates on how the plan is being delivered and any changes that have been required in light of experience of working in completely different circumstances and environment.

3. REASONS FOR RECOMMENDATIONS

3.1 To help ensure that Audit Committee discharges its responsibilities in respect of reviewing, approving and ensuring the coordination of the Annual Internal Audit Plan for the financial year. .

4. BACKGROUND

4.1 The United Kingdom Public Sector Internal Audit Standards (Performance Standard '2010 Planning') provides the framework within which an internal audit plan should be compiled.

- 4.2 In line with the Public Sector Internal Audit Standards the Head of Internal Audit must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 4.3 To develop the risk-based plan, the Head of Internal Audit consults with senior management and the board and obtains an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The Head of Internal Audit must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems and controls.
- 4.4 In order to produce the Internal Audit plan the following information is taken into account:
 - Strategic Risk Register;
 - Corporate Plan;
 - · Key Financial Systems;
 - Fraud, Bribery & Corruption Risk Assessment;
 - Grant Claims that require Internal Audit certification;
 - Follow-up reviews requested by Audit Committee;
 - Audit reviews that are carried forward from the previous audit plan;
 - Recommendations from External Inspectors / Regulators; and
 - Results of discussions with the Senior Leadership Team, including the Chief Executive, Section 151 officer and other senior officers.
- 4.5 The Public Sector Internal Audit Standards require a risk-based audit plan to be produced to cover the Council's overall control environment including risk, governance and internal controls as far as practicable.
- 4.6 By taking into account the sources of information noted above, this supports Internal Audit to achieve the following:
 - Comply with the Public Sector Internal Audit Standards in compiling the draft Annual Audit Plan;
 - Enable Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2020/21 based on the audit reviews set out in the draft Annual Audit Plan; and
 - Enables the Head of Internal Audit to form an opinion on the risk, governance and internal controls of the organisation.
- 4.7 The draft audit plan for 2020/21 was due to be presented to Audit Committee at its meeting scheduled for 27th April 2020 but due to the Covid19 outbreak this meeting was cancelled.

Impact of COVID 19

- 4.8 Urgent decisions were made in March 2020 in relation to how council services would need to operate in light of the pandemic and the potential impact on the population and the decisions made by the UK and Welsh Governments to minimise its spread.
- 4.9 Emergency arrangements were put in place around decision making and governance in case they were needed and normal Council and Committee meetings were suspended.
- 4.10 Most key frontline functions continued to operate with reduced staffing levels and included:
 - the provision of social care services to the most vulnerable;
 - homelessness, domestic abuse, and substance misuse services;
 - community meals service to the elderly;
 - coordination of the shielding scheme and made contact with 6,726 people identified by the NHS as vulnerable due to COVID-19;
 - Children's Services, Attendance and Well-Being and schools keeping in touch with vulnerable children and families;
 - refuse collection, street cleansing and highways and land reclamation teams continuing to address flooding issues;
 - youth services, library services and adult education services delivering a wide range of provision on-line;
 - processing business grants of £42.9Million to over 3,600 businesses;
 processing weekly free school meal bacs payments to the families of over 9,300 pupils and processing significantly more Housing Benefit and Council Tax support applications; and
 - providing emergency childcare provision in school settings.
- 4.11 The continuation of key back-office functions that included:
 - ensuring contractors and Council employees and pensioners are paid;
 - developing and making available a well-being helpline and counselling service to all staff; and
 - the IT Service transforming how the Council works in a very short period, with over 3,000 staff across the Council working from home as numerous offices and buildings were closed.
- 4.12 A number of staff were re-purposed to support the vulnerable in the community and also to work in the Test Trace Protect (TTP) Service in order to help minimise the spread of the disease. This included some Internal Audit staff.
- 4.13 As a result of the significant changes to the way the Council was and is operating it has been necessary to re-evaluate the original draft plan to develop an **Interim Risk Based Plan for 2020/21** (see Appendix A).

The **principles and steps** followed were:

- 1. The items identified in the original plan following the various consultation meetings held in January to March 2020 (prior to COVID 19) were included as a basis for the Interim Plan alongside an assessment of risk at that time and Audit Committee requests that arose during the year.
- 2. An updated assessment of risk as a result of COVID 19 was undertaken during May & June 2020, in consultation with the S151 Officer and Deputy S151 Officer, but also considering essential pieces of work to be undertaken, e.g.:
 - statutory and grant related work,
 - work required to inform the Head of Internal Audit's Annual opinion,
 - requests from the S151 Officer, Chief Executive, and other members of SLT.
 - requests from Audit Committee,
 - consideration of self-evaluation feeding into the assurance process.
- 3. There will be a lower level of coverage than normal and different emphasis due to the impact of COVID in its many ways, (e.g. particular risks arising from COVID, lost time due to TTP work, childcare responsibilities, sickness, availability of audit and service staff, and challenges arising from the remote way of working.)
- 4. The plan will need to be even more flexible than usual to be able to respond to changing circumstances and events that may occur. (e.g. second wave/outbreaks, ability to access staff and evidence, requests to respond to new issues that may emerge).
- 5. Internal Audit work will be undertaken remotely using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documents and data.
- 6. The need to learn what works and what doesn't as an approach in an iterative and proportionate way and take account of pressures on particular services and individuals in conducting our work.
- 4.14 The Senior Leadership Team have endorsed the Interim Plan and the approach identified above.
- 4.15 With the two members of Internal Audit staff currently employed on TTP work returning, the Head of Internal Audit considers there will be sufficient Internal Audit resource to cover the high risk/priority areas in the proposed interim plan with a contingency of approximately 60 days for other work which may arise as the year progresses.

- 4.16 This would provide sufficient coverage to be able to provide an opinion at the end of 2020/21 having regard to the unprecedented impact caused by the COVID pandemic.
- 4.17 The Interim Risk Based Audit Plan 2020/21 is attached at **Appendix A** for Members consideration.

5. EQUALITY AND DIVERSITY IMPLICATIONS

5.1 There are no equality and diversity implications as a result of the recommendations set out in the report.

6. CONSULTATION

6.1 There are no consultation implications as a result of the recommendations set out in the report.

7. FINANCIAL IMPLICATION(S)

7.1 There are no financial implications as a result of the recommendations set out in the report.

8. <u>LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED</u>

- 8.1 The provision of regular information in respect of the Council's Internal Audit Service supports the Council in demonstrating compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2018.
- 8.2 Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: "A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control."

9. <u>LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-</u>BEING OF FUTURE GENERATIONS ACT

THE COUNCIL'S CORPORATE PLAN PRIORITIES

9.1 The work of Internal Audit aims to support the delivery of the priorities contained within the Council's Corporate Plan 2020-2024 "Making a Difference", in particular 'Living Within Our Means' through ensuring that appropriate internal controls are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

9.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

10. CONCLUSION

- 10.1 The Interim Internal Audit Risk Based Plan for 2020/21 has been compiled in accordance with the Public Sector Internal Audit Standards and the Council's Internal Audit Charter taking into account the unprecedented challenges caused by the COVID 19 pandemic.
- 10.2 The Council's Audit Committee, in line with its Terms of Reference, is requested to review and approve the Interim Internal Audit Risk Based Plan for 2020/21.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

AUDIT COMMITTEE

20th July 2020

REPORT OF THE REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES

Author: Mark Thomas (Head of Regional Audit Service)

Item

8. Interim Internal Audit Risk Based Plan 2020/21

Appendix A – Interim Risk Based Internal Audit Plan 2020/21 (High Risk/Priority Areas)

Previously planned work now with an element of COVID related activity added

Covid specific risk areas identified

Statutory/Quasi Statutory

Included in original draft Internal Audit Plan 2020/21

DIRECTORATE	AUDITS	CATEGORY
CHIEF EXECUTIVE	PURCHASE CARDS - NON SCHOOLS SPEND C/F	OVERALL CONTROL ENVIRONMENT
CHIEF EXECUTIVE	ADMINISTRATION OF TRUST FUNDS	STATUTORY
CHIEF EXECUTIVE	DIGITALISATION C/F (INCL COVID RELATED RISKS)	CORPORATE PLAN PRIORITY
CHIEF EXECUTIVE	CREDITORS (INCL COVID RELATED RISKS)	CORE FINANCIAL
CHIEF EXECUTIVE	BENEFITS (INCL COVID RELATED RISKS)	CORE FINANCIAL
CHIEF EXECUTIVE	PAYROLL (INCL COVID RELATED RISKS)	CORE FINANCIAL
CHIEF EXECUTIVE	PENSIONS	CORE FINANCIAL
CHIEF EXECUTIVE	BUDGETARY CONTROL (INCL COVID RELATED RISKS)	CORE FINANCIAL
CHIEF EXECUTIVE	DEBTORS (INCL COVID RELATED RISKS)	CORE FINANCIAL
CHIEF EXECUTIVE	CORPORATE LANDLORD COMPLIANCE	OVERALL CONTROL ENVIRONMENT
PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES	EMERGENCY PLANNING	GOVERNANCE
COMMUNITY & CHILDREN'S SERVICES	SECTION 17 PAYMENTS	OVERALL CONTROL ENVIRONMENT
COMMUNITY & CHILDREN'S SERVICES	LLWYDCOED CREMATORIUM	STATUTORY
EDUCATION & INCLUSION SERVICES	SCHOOLS SELF EVALUATION	OVERALL CONTROL ENVIRONMENT
EDUCATION & INCLUSION SERVICES	DCELLS POST 16 GRANT CERTIFICATION	GRANT CERTIFICATION
EDUCATION & INCLUSION SERVICES	REGIONAL CONSORTIA SCHOOL IMPROVEMENT GRANT (RCSIG)	GRANT CERTIFICATION

EDUCATION & INCLUSION SERVICES	LOCAL EDUCATION AUTHORITY GRANT	GRANT CERTIFICATION
EDUCATION & INCLUSION SERVICES	PUPIL DEPRIVATION GRANT	GRANT CERTIFICATION
EDUCATION & INCLUSION SERVICES	TONYREFAIL COMMUNITY SCHOOL - FOLLOW UP	FOLLOW UP REVIEW
EDUCATION & INCLUSION SERVICES	YSGOL NANTGWYN - FOLLOW UP	FOLLOW UP REVIEW
EDUCATION & INCLUSION SERVICES	YSGOL LLANHARI - FOLLOW UP	FOLLOW UP REVIEW
EDUCATION & INCLUSION SERVICES	YSGOL HEN FELIN - FOLLOW UP	FOLLOW UP REVIEW
EDUCATION & INCLUSION SERVICES	PARK LANE SPECIAL SCHOOL -FOLLOW UP	FOLLOW UP REVIEW
WHOLE AUTHORITY ARRANGEMENTS	INFORMATION MANAGEMENT	GOVERNANCE
WHOLE AUTHORITY ARRANGEMENTS	ANTI-FRAUD, BRIBERY & CORRUPTION C/F	FRAUD, BRIBERY & CORRUPTION
WHOLE AUTHORITY ARRANGEMENTS	RISK MANAGEMENT C/F	RISK MANAGEMENT
WHOLE AUTHORITY ARRANGEMENTS	CORPORATE SAFEGUARDING (INCL COVID RELATED RISKS)	CORPORATE PLAN PRIORITY
AMGEN	AMGEN - CREDITORS	STATUTORY
AMGEN	AMGEN - DEBTORS	STATUTORY
AMGEN	AMGEN - GENERAL LEDGER	STATUTORY
AMGEN	AMGEN - PAYROLL	STATUTORY
CENTRAL SOUTH CONSORTIUM	CSC - REGIONAL CONSORTIA SCHOOL IMPROVEMENT GRANT	GRANT CERTIFICATION
CENTRAL SOUTH CONSORTIUM	CSC - GENERAL LEDGER	STATUTORY
CENTRAL SOUTH CONSORTIUM	CSC - PUPIL DEPRIVATION GRANT	GRANT CERTIFICATION
CHIEF EXECUTIVE	PAYMENT OF INVOICES / CREDITORS / PAYROLL ARRANGEMENTS (already included in plan)	COVID 19
WHOLE AUTHORITY ARRANGEMENTS	REMOTE WORKING IMPACT ON GOVERNANCE & INTERNAL CONTROL	COVID 19
CHIEF EXECUTIVE	CONTRACT VARIATIONS / PAYMENTS IN ADVANCE	COVID 19
CHIEF EXECUTIVE	GRANTS TO BUSINESSES	COVID 19