

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	30 JULY 2020
TITLE	DRAFT INTERNAL AUDIT PLAN 2020/21
PURPOSE OF THE REPORT	TO PRESENT THE DRAFT INTERNAL AUDIT PLAN FOR THE YEAR 1 APRIL 2020 – 31 MARCH 2021
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	TO APPROVE THE PLAN IN THE APPENDIX

1. INTRODUCTION

- 1.1 The revised draft work plan for Internal Audit for the financial year 2020/21 is presented to the Audit and Governance Committee for comment and approval.
- 1.2 In accordance with best practice and the Public Sector Internal Audit Standards, the Internal Audit plan is subject to ongoing review to ensure it remains up to date and reflective of changes in the business. This is even more important given the significant and fast-changing impact of the COVID-19 Pandemic on the Council.
- 1.3 The plan has been updated due to the Covid-19 pandemic and the fact that Internal Audit was not able to undertake its work during the first quarter of the year. Internal Audit officers have been redeployed to assist and support the Council by verifying and processing Welsh Government Grant for Businesses administered by the Revenues Service. The projected expenditure on the Grants is approximately £63M, the second highest council in Wales in respect of expenditure and transactions. This work has been reflected in the revised plan.

2. INTERNAL AUDIT'S PURPOSE

- 2.1 The purpose of the Internal Audit service is:

To give confidence to the citizen and the Council on the Council's control environment and governance arrangements through independent and objective reporting to the Head of Finance and the Audit and Governance Committee

- 2.2 When preparing this revised plan, consideration was given to what the service needs to do in order to achieve this purpose.

- 2.3 The Unit only has limited resources; the staffing resource of the Unit is 7 full-time posts one temporary auditor.
- 2.4 Therefore, in order to ensure that we are reviewing the right things, consideration was first given to the Corporate Risk Register, Gwynedd Council's Strategic Plan along with any other significant developments. This is to ensure that the Council's key controls in order to deal with its main risks are addressed.
- 2.5 The result of this was to prepare an initial draft plan, which has been discussed with each Head of Department (or departmental management team in some cases) before being presented and approved by this Committee held on 13 February 2020.
- 2.6 The revised audit plan will remain flexible in order to reflect any emerging issues or changes to risks and priorities of the Council and to also ensure the health and safety of both Internal Audit and client officers.

3. THE WAY FORWARD

- 3.1 Like the majority of Council services, Internal Audit officers are working from home for the foreseeable future, and hence conducting an audit where a visit to the establishment is necessary will be limited. Internal Audit will continue to carry out its duties whilst respecting any guidance issued by the Welsh Government and conduct its activities within any constraints imposed.
- 3.2 One of the key priorities for quarter 1, as in the two previous financial years, is to provide an Internal Audit service to approximately 70 community, town and city councils. To achieve this and to assist councils to meet their statutory timetable for submitting their accounts by 30 June 2020, documentation was received via e-mail where possible, and meetings held via Zoom or Microsoft Teams in addition to telephone conversations. The Service received positive feedback by the Clerks/Responsible Financial Officers on the smooth transition in the manner of conducting the audits.

3.3 The revised Internal Audit plan 2020/2021 will also give appropriate consideration to the following:

- Will be aware at all times of the potential occurrence of fraud or corruption. We will therefore take advantage of the National Fraud Initiative, and undertake proactive fraud prevention work. Audit Wales has decided to extend the NFI to target the fraud risks associated with Covid-19 grants or payments made by local authorities. Audit officers who have been involved in processing grant payments will not undertake this work to ensure appropriate independence and separation of duties.
- Continue to address specific grants, particularly where the conditions of the grant expect an Internal Audit review.

3.4 The revised plan reflects:

- The redeployment of Internal Audit staff in assisting with Welsh Government Grants (120 days)
- Provision for supporting Departments/Services with their revised business arrangements as a result of the Covid-19 pandemic (30 days)
- Provision to enable Internal Audit to respond to key issues affecting the internal control environment which may have arisen due to changes to processes in light of emergency requirements (30 days)
- A review of the Council's response to the pandemic and any lessons learned (50 days)
- Conducting high level reviews where it is not practical to visit establishments/services

4. RESOURCES AVAILABLE

4.1 It is projected that approximately 711 days of audit resources will be available to complete the 2020/21 audit plan. This is on the basis of analysis of the staffing resources available, including reasonable allowances for "unproductive" work such as holidays, illness, training, management and meetings.

4.2 The 2020/2021 Audit Plan will be a plan with flexibility to enable the Service to support the Council in any emerging issues and to act promptly on any risks posed by those issues.

5. RECOMMENDATION

5.1 The Committee is requested to approve the Revised Audit Plan for the period 1 April 2020 to 31 March 2021.

DRAFT INTERNAL AUDIT PLAN 2020/2021

Audit	Days	Reason
COROPORATE		
Redeployment of Internal Officers to Priority 1 Services	120	Supporting the processing of Welsh Government Grants.
Business Continuity Plans (across the Council) and Lessons learned	40	Review the suitability of service continuity plans and ensuring that lessons learned reports have been submitted and risk logs are maintained up to date.
Supporting Departments/Services with their business arrangements following the Covid-19 pandemic	30	Review the business arrangements adopted during the Covid-19 pandemic.
Respond to key issues affecting the internal control environment that may have arisen due to process changes in light of emergency requirements	30	This will be dependent on developments in the wake of the Covid-19 pandemic
Home Working Arrangements	20	Review the adequacy of support provided to staff during the time of the pandemic, eg policies, management, GDPR guidance etc.
Safeguarding Arrangements	10	Covid-19 has led to the recruitment of temporary staff / volunteers and time may not have allowed for proper DBS checks to be carried out - this is an area of high risk.
Proactive Prevention of Fraud and Corruption and the National Fraud Initiative	50	Work is to be undertaken to ensure that robust arrangements are in place for dealing with the risks of fraud and corruption and the National Fraud Initiative which is run by Wales Audit. These investigations may include any element of fraud committed by exploiting the Covid-19 pandemic.
Creditors – Supply chain risks	20	Risk associated with "force majeure" contracts and clauses will continue to evolve.
Climate Change	20	The audit will focus on the arrangements the establishment has in place to combat climate change.

Audit	Days	Reason
EDUCATION		
<i>Resources</i>		
Pupil Development Grant	10	The PDG has not been incorporated in the Regional Consortia School Improvement Grant; therefore it will be necessary to carry out a separate audit.
Regional Consortia School Improvement Grant	15	The grant is an amalgamation of many grants previously awarded from the Welsh Government.
Post-16 Grant	3	Requirement under the financial terms and conditions.
<i>Schools</i>		
School Funds	30	A review of Gwynedd schools' funds.
Schools – General	5	Annual provision for work involving providing advice and support.
ENVIRONMENT		
<i>Public Protection</i>		
Street and parking Enforcement	12	Enforcement arrangements as a result of visitors to the area.
HOUSING AND PROPERTY		
<i>Housing and Welfare</i>		
Bed and Breakfast Costs	30	The audit has been included at the request of the Head following an increase in costs as identified in an internal audit report published in 2019/20.
Supporting People Grant	12	Requirement under the terms of the grant.
CORPORATE SUPPORT		
<i>Central Support Unit</i>		
Employment Statements	8	It is now a requirement that employment statements include a clause in relation to undertaking statutory training, e.g. protection.

Audit	Days	Reason
FINANCE		
<i>Across the department/corporate</i>		
IT Systems	30	It is intended to undertake audits on specific areas of IT with a focus on home working and remote working policies, cyber security etc.
<i>Payroll</i>		
Payment to Care Workers	15	Ensure that appropriate arrangements are in place for administering the additional payment for care workers.
<i>Accountancy</i>		
Harbours Statement of Accounts 2019-20	4	This is a statutory requirement.
Joint Planning Policy Committee Statement of Accounts 2019-20	4	This is a statutory requirement.
North Wales Economic Ambition Board Statement of Accounts 2019-20	10	This is a statutory requirement.
<i>Pensions</i>		
New Starters	12	A review of the arrangements for establishing new starters.
<i>Revenue</i>		
Council Tax Reduction Scheme	10	A review of a sample of new applications presented during the pandemic.
ECONOMY AND COMMUNITY		
<i>Community Regeneration</i>		
Welsh Church Fund	3	An independent check will be needed if the fund's income is over £25,000.
<i>Record Offices, Museums and the Arts</i>		
Lloyd George Museum	6	The Council has a specific role as a trustee. A check will be carried out to ensure that these duties are being fulfilled.
Storiell	5	Storiell has received a risk score of 20 on the Corporate Risk Register.
<i>Maritime and Country Parks</i>		
Beach Management Plan	8	This is an area of high risk. (risk score 20)

Audit	Days	Reason
<i>Major Projects</i> STEM Gogledd	8	A review of specific projects.
<i>Strategy and Development</i> North Wales Economic Ambition Board	15	The Board Governance arrangements – a Local Authority Joint Committee with representatives of key partners such as the North Wales and Mersey Dee Business Council, universities and further education colleges.
Business Units	12	Reviewing that the Units have received "rental holidays" from the Council and that the process has resumed.
ADULTS, HEALTH AND WELLBEING		
<i>Residential and Day</i> Private Care Home fees	30	A review of the payments made to private care homes with an emphasis on additional (top-up) fees.
CHILDREN AND SUPPRTING FAMILIES		
<i>Children and Families</i> Risk Assessment Arrangements and Training Programme	12	This area has been identified in the Corporate Risk Register due to violence at work, lone working and caseloads.
Statutory Assessments (AMHP)	20	This is a requirement in accordance with the Mental Health Measure Wales.
Arrangements for "Fee School Meals"	12	A review to verify that appropriate arrangements are in place to ensure that vulnerable children receive free meals during the pandemic.
HIGHWAYS AND MUNICIPAL		
<i>Across the Department</i> Risk Assessments	20	Review the contents and appropriateness of the risk assessments.

Audit	Days	Reason
GWYNEDD CONSULTANCY <i>Across the department</i> Budgeting and Expenditure	10	The review has been included at the request of the YGC Management Team.
Total Days	711	