

ISLE OF ANGLESEY COUNTY COUNCIL	
<b>Report to:</b>	Audit and Governance Committee
<b>Date:</b>	13 February 2018
<b>Subject:</b>	Internal Audit Update
<b>Head of Service:</b>	Marc Jones, Head of Function (Resources) / S151 Officer 01248 752601 <a href="mailto:MarcJones@ynysmon.gov.uk">MarcJones@ynysmon.gov.uk</a>
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<b>Nature and Reason for Reporting:</b> This report provides information on work carried out by Internal Audit since the last Committee meeting. It allows the Committee to monitor Internal Audit's performance and progress as well as providing summaries of Internal Audit reports so that the Committee can receive assurance on Council services and corporate areas.	

## 1. Introduction

1.1. The report provides an update as at 26 January 2017 on:

- Internal Audit reports issued since 17 November 2017
- Follow up of previous internal audit reports
- Implementation of management actions
- Progress in delivering the Internal Audit Annual Plan 2017/18
- Specific updates requested by the Audit and Governance Committee
- A review of the Committee's terms of reference

## 2. Recommendation

- 2.1. That the Audit and Governance Committee notes Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement and decides whether it needs any further assurance on audit reports.
- 2.2. That the Audit and Governance Committee approves the postponement of the review of its terms and conditions until the Chartered Institute of Public Finance and Accountancy (CIPFA) issues its new guidance document.



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ISLE OF ANGLESEY  
COUNTY COUNCIL

# Internal Audit Update

February 2018

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**Marion Pryor BA MA CMIIA CPFA**  
**Head of Audit & Risk**

## Internal Audit reports recently issued

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1. This section provides an overview of recent Internal Audit reports, including the overall Assurance Rating and the number of Issues / Risks raised in the report's action plan.
2. I have considered the Committee's comments made during the December 2017 meeting about the apparent inconsistency in the assurance rating awarded and therefore increased the level of detail I have provided about each audit below. This provides the Committee with more information to allow members to understand the reason for the assurance rating.
3. We have finalised five reports in the period, summarised below:

Title	Assurance Level	Catastrophic	Major	Moderate	Minor	Total
General Data Protection Regulations (Interim Report)	Reasonable	0	0	3	0	3
Capital Expenditure	Substantial	0	0	0	0	0
Housing Rents – Readiness for Universal Credit	Reasonable	0	3	7	1	11
Supporting People Programme	Substantial	0	0	0	0	0
Referral – Payroll Overpayment	n/a	0	0	0	0	0

## General Data Protection Regulations (Interim Report)

Reasonable Assurance	Risks / Issues	
	0	Catastrophic
	0	Major
	3	Moderate
	0	Minor

4. The purpose of our audit was to provide assurance of the readiness of the Council to implement changes under GDPR and whether the Council will be in a position of compliance by 25 May 2018. We will deliver a follow up report during 2018/19.
5. The Council's senior managers have been informed and made aware of the new regulation and the Head of Council Business/Senior Information Risk Owner (SIRO) has reported to the Senior Leadership Team and the Audit and Governance Committee.
6. A Corporate Implementation Plan and an incremental Action Plan has been established for senior managers to ensure GDPR is considered. Although the Corporate Information Governance Board is managing Corporate Implementation Plan, it does not include target dates and accountability, and as a result, there is a risk that it cannot be effectively monitored for progress and completion by 25 May 2018.
7. As at November 2017, only the Learning Service has highlighted the risk of data processing activities not meeting requirements under the General Data Protection Regulations leading to the ICO imposing financial penalties. There is a risk that the remaining services have not considered GDPR to be of high risk and priority, leading to actions not being prioritised for implementation by the compliance date.
8. In considering the preparatory work carried out to date, we are able to provide **'Reasonable Assurance'** regarding the Council's preparations for the General Data Protection Regulations. This is based on services being able to implement the action plan in accordance with the target dates, in particular stage 2 of the action plan, where services are required to map their data by March 2018. Where the action plan cannot be completed within the stated timeframe, the Council will have to ensure implementation on a priority basis i.e. identify where personal information is most at risk and implement GDPR in that order.
9. On a separate issue, we found that the Corporate Information Governance Board has not circulated information on GDPR compliance to schools/ Head Teachers. This was not included in the corporate plan as a priority at the time due to limited resources. Schools are separate establishments acting as independent bodies under the new regulations and will need to establish their own compliance. As the schools have not been included as part of the corporate communications on GDPR, there is a risk that schools are unaware of the regulations and requirements for GDPR compliance and cannot prepare by the compliance date. This issue will be the subject of a separate internal audit during 2018/19.

## Capital Expenditure

Substantial Assurance	Risks / Issues	
	0	Catastrophic
	0	Major
	0	Moderate
	0	Minor

10. The purpose of the audit was to provide assurance on the governance of the capital programme, systems for assessing, approving and funding capital projects, risk management procedures, performance monitoring and reporting arrangements and systems for review and reconciliation of contract final accounts including assessment and reimbursement of any recoverable funding.
11. The Council has developed a capital strategy to ensure it uses its resources in an efficient and effective way. Procedures allow flexibility, subject to formal approval, and the Council holds funds in reserve to accommodate emerging priorities. The Full Council approves the Capital Plan on an annual basis as part of the budget setting process.
12. Capital spending decisions in the period under review were in accordance with the Council's approved prudential indicators and limits.
13. There is an on-going programme of financial monitoring. The Council recently established a Finance Scrutiny Panel as a permanent panel of the Corporate Scrutiny Committee. Although arrangements are not finalised, the Panel's work programme will include scrutiny of expenditure against budget profile and scrutiny of the response of the Executive to budget monitoring arrangements.
14. Corporate Scorecard reports to Scrutiny Committee include status updates for key projects and an assessment of the deliverability risk for each scheme. Assurance is provided in the report that the two Corporate Transformation Programme Boards oversee key programmes and projects in which the Council is involved. In addition, the Council has established a Corporate Land & Built Assets Group to ensure a co-ordinated corporate approach to the management of assets and alignment of assets with current and future service delivery.
15. Business cases support all capital projects and include details of options appraisals conducted. Testing on a sample basis confirmed that capital bids are assessed in accordance with the scoring scheme.
16. There is a process for routine review of all final accounts relating to contracts over £250k.
17. No risks were raised as part of this audit review. Consequently, considering all these factors, we are able to provide '**Substantial Assurance**' on the governance and management of risk and control for the arrangements for Capital Expenditure.

## Housing Rents – Readiness for Universal Credit

Reasonable Assurance	Risks / Issues	
	0	Catastrophic
	3	Major
	7	Moderate
	1	Minor

18. The purpose of this audit was to provide assurance on the readiness of the Council's Housing Rents Section for the introduction of Universal Credit. We did not look at the effect of Universal Credit on the corporate structure. We will review the Council's Welfare Reform Strategy separately during 2018/19, which will cover the effects of welfare reform and the Council's response, including items such as the Anti- Poverty Strategy, the Corporate Debt Policy and Welfare Reform Framework.
19. Universal Credit is gradually replacing six existing means-tested benefits and is intended to simplify the benefit system and improve work incentives. It will become full-service in Anglesey in June 2018. Numbers in receipt of this benefit will remain low in the short-term, but analysis from external consultants (Policy in Practice, May 2017) estimates that at least 3,774 households in Anglesey will receive the new benefit when it is fully implemented.
20. The current average rent arrears per tenant is £245. If they were to double as suggested<sup>1</sup>, average rent arrears would increase to £490, increasing the total arrears, including the former arrears, to just over £1.1m.
21. Flintshire County Council was the first Welsh local authority to commence the rollout of Universal Credit a year ago and it has £354,000 of outstanding rent arrears by tenants on the new benefit.
22. A draft Arrears policy is available although no formal procedures are currently available on how to deal with Universal Credit tenants, including issues related to safeguarding and tackling poverty, in addition to collecting rental income and arrears due to a delay in the award and receipt of payments.
23. The current gap between people receiving their legacy benefit and Universal Credit is five weeks. However, there is also a need for claimants to submit accurate claims in the first instance to reduce any opportunities for delay in receiving payments. Advance payment applications are encouraged where necessary, to bridge the gap/delay in the awarding of Universal Credit and receipt of payment as applications for advance payment will be accepted up to 100% of the expected award.

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<sup>1</sup> Welfare Weekly's report, headlined "Universal Credit has pushed 86% of claimants in council housing into rent arrears" suggests the average value of rent arrears owed by Universal Credit claimants living in council housing has almost doubled from £321 to £615.

24. The Service has established a Welfare Reform Action Plan and a separate Housing Services Action Plan on preparing for Universal Credit although the temporary leave of a senior manager places additional pressures on delivering both plans.
25. Currently, there is no profiling of tenants or a service strategy on identifying vulnerable clients. There is a risk that tenants will not be identified to enable the Housing Service to provide pro-active targeting of vulnerable clients prior to the roll out, possibly increasing arrears, placing pressure on resources and possible loss of funds to the Council. The lack of profiling also means that the Council is less able to accurately measure and forecast the potential effect of Universal Credit on Housing Rents.
26. Administrative delays in the processing of payments increases the risk of placing pressure on the Recovery Section, possibly wasting Council resources. Individual accounts may show inaccurate arrears due, possibly prompting recovery sequences and causing reputational damage to the Council.
27. The Housing Rents system's current configuration does not reflect the Council's policy. As a result, resources are wasted in reviewing unnecessary records and if unresolved prior to the roll out, there is a risk that the system is ineffective in the prompt recovery of arrears, increasing pressure on resources, increasing rent arrears and possibly causing financial loss to the Council. There is also a risk that management is unable to identify true issues for review.
28. Considering the above and the preparatory work undertaken by the Housing Service in readiness for the introduction of the new benefit, we are able to provide **'Reasonable Assurance'** for the Housing Services' readiness for Universal Credit with regards to Housing Rents. We have therefore raised 11 Issues/Risks for management attention.

## Supporting People Programme

Substantial Assurance	Risks / Issues	
	0	Catastrophic
	0	Major
	0	Moderate
	0	Minor

29. The Welsh Government distributes the Supporting People Grant on an annual basis. The Council has received £2.6m per annum over the last few years, which has been confirmed for 2018/19.
30. Third parties and other sections within the Council provide services. Testing highlighted that contracts are managed appropriately. Although audit testing of procurement activity was limited to high level testing only, it was found that permission was granted to postpone some procurement exercises due to their complexity and changes to services. There is a process in place to ensure that payments are monitored against the budget. The terms and conditions of the Grant were mostly found to be adhered to. The Supporting People Team recognised that some provisions related to learning disabilities were not eligible to receive the Supporting People Grant and has taken steps to address this issue.
31. Consequently, we were able to provide '**Substantial Assurance**' for the arrangements for the administration and governance of the Supporting People Programme. We have not raised any Issues / Risks for management attention.

## Referral – Payroll Overpayment

32. The Accountancy Services Manager notified Internal Audit that a member of staff employed to work as a cleaner had continued to receive wages despite the establishment being closed and subsequently sold.
33. We established that the cleaner did not receive formal notice of termination of her contract from either the Service or HR. Investigations concluded that there was no fraudulent intent on the part of the employee and the root cause was due to lack of clarity in the responsibility for the management of the cleaner and an oversight by a manager. HR has informed Internal Audit that there is a drive to bring all cleaners under the control of Property Services so that they are consistently managed and their work and attendance is monitored.
34. As the employee is in the process of repaying the overpaid amount, we have not made any formal recommendations at this time. However, we advised that the Service should consider whether its current budget monitoring process addresses the risk of inaccurate payments being made and/or to staff after they have left the Council or the service.



## Follow up of previous Internal Audit reports

35. Currently, we follow up all reports with an assurance rating of 'Limited' or below.

36. One 'Limited Assurance' report is currently in the process of being followed up and will be reported to the April meeting of the Committee:

- School Transport

37. We have finalised six follow up reviews of 'Limited Assurance' reports in the period:

Title	Follow Up	Progress	Assurance Level	Catastrophic	Major	Moderate	Minor	Total
Logical Access & Segregation of Duties	2	Little	Limited	0	3	2	0	5
Affordable Housing, Houses into Homes and Self-Build Loan Scheme	2	Reasonable	Reasonable	0	1	1	0	2
Extra Care Housing – Commissioning Arrangements (First Follow Up)	1	Good	Substantial	0	0	0	0	0
Payment Card industry Data Security Standards	1	Little	Limited	0	6	4	1	11
Child Care Court Orders	1	Reasonable	Limited	1	3	3	1	8
Corporate Procurement Framework	1	Good	Limited	1	1	9	1	12

## Logical Access & Segregation of Duties (Second Follow Up)

Little Progress	Original Issues / Risks		Outstanding Issues / Risks (First Follow Up)	Outstanding Issues / Risks (Second Follow Up)
	Report Date	September 2014	January 2015	December 2017
	Assurance	Red	Red	Limited
	Catastrophic	7	5	0
	Major			3
	Moderate	6	6	2
	Minor	2	1	0

38. We originally undertook a review of logical access and segregation of duties controls as part of the annual Internal Audit Plan in 2014/15. The review covered the maintenance of lists of applications and computerised systems operated by the Council; applications and procured systems meeting Council requirements; appropriate segregations of duties and the control of user access rights.
39. Our first review resulted in a 'Red' rating, equivalent to a 'Limited Assurance' under the new audit approach. The review resulted in fifteen recommendations and one suggestion being made.
40. We undertook a follow up review in January 2015, which again resulted in a 'Red' rating and confirmed that 12 recommendations remained outstanding.
41. Our second follow up review has confirmed that from the 12 outstanding recommendations, seven have been implemented or superseded and five have been partly implemented.
42. The 'Major' risks outstanding include evidence of the staff's acceptance of ICT policies and issues around the separation of duties within the Payroll system.
43. Recommendations assessed as not fully implemented have been amended in accordance with the new audit approach of raising Issues and Risks, which are aligned to the corporate risk matrix.
44. Due to the length of time the risks have been outstanding, the Council has demonstrated '**little progress**' in implementing actions agreed to address all the audit recommendations and as a result and due to the nature of the risks outstanding, the level of assurance remains as '**Limited**'. We will therefore continue to monitor the outstanding risks to ensure they are addressed.

## Affordable Housing, Houses into Homes and Self-Build Loan Scheme (Second Follow up)

Reasonable Progress	Original Issues / Risks		Outstanding Issues / Risks (First Follow Up)	Outstanding Issues / Risks (Second Follow Up)
	Report Date	December 2015	December 2016	December 2017
	Assurance	Red	Red	Reasonable
	Catastrophic	3	3	0
	Major			1
	Moderate	11	5	1
	Minor	7	4	0

45. We undertook a review of Affordable Housing, Houses into Homes and Self-Build Loan Scheme as part of the 2014/15 Audit Plan. The final report issued in December 2015 resulted in a 'Limited Assurance' rating.
46. Since the last follow up review, the outstanding recommendations have been replaced with Issues / Risks in line with the new audit approach. One 'Major' risk remains, where the Council may not be fully accounting for income related to commuted sums payable. The Housing Business Manager and the Planning Development Management Manager are working together to address this issue by the end of January 2018.
47. The Council has demonstrated '**reasonable progress**' in addressing the audit risks. Taking account of the issues identified in the remainder of the report the level of assurance has increased to '**Reasonable Assurance**'.

## Extra Care Housing – Commissioning Arrangements (First Follow Up)

Good Progress	Original Issues / Risks		Outstanding Issues / Risks
	Report Date	December 2016	December 2017
	Assurance	Limited	Substantial
	Catastrophic	1	0
	Major	3	0
	Moderate	2	0
	Minor	0	0

48. We undertook a review of the commissioning arrangements of the Extra Care Housing unit as part of the annual Internal Audit Plan in 2016/17. The final report issued in December 2016 resulted in a 'Limited Assurance' rating.
49. Our review confirms that management has addressed all six recommendations, or management has put processes in place to ensure they are addressed when the situation arises again in the future. These actions have been included in a Lessons Learnt Log.
50. The Council has demonstrated '**good progress**' in addressing the Issues / Risks and as a result the assurance rating has increased to '**Substantial Assurance**'.

## Payment Card Industry Data Security Standards Compliance (First Follow Up)

Little Progress	Original Issues / Risks		Outstanding Issues / Risks
	Report Date	September 2016	January 2018
	Assurance	Limited	Limited
	Catastrophic	0	0
	Major	12	6
	Moderate	7	4
	Minor	0	1

51. We undertook a review of compliance with the Payment Card Industry Data Security Standard compliance (PCI DSS) during 2016/17. The final report issued in September 2016 resulted in a 'Limited Assurance' rating.
52. Our follow up review confirms that although little progress has been made, there is a plan to address the outstanding issues and where action has been taken, the reduction in the risk has been taken into account.
53. The Revenue and Benefits Manager made a request for ICT support in working towards PCI DSS compliance. However, the ICT Service did not have the resources available to assist with this, although the ICT Service is assisting with the mapping of the card payment environment.
54. An upgrade has been purchased for the income management system and will be implemented in the near future. This upgrade will provide new features to meet PCI DSS requirements and it was therefore decided to postpone the work towards PCI DSS compliance until this is completed and then procure the services of a PCI DSS Assessor to create an action plan to work towards compliance.
55. The need to ensure compliance with PCI DSS requirements has been included in the Resources Service Delivery Plan for 2017/18 with a target to "complete review of current compliance and draw up action plan" for the year. It is also included in the service risk register and has been discussed at length during the review of the Resources Risk Register.
56. As the Council has demonstrated '**little progress**' in addressing the Issues / Risks, the assurance rating remains as '**Limited Assurance**'. We will revisit during October 2018 to monitor progress with addressing the risks.

## Child Care Court Orders under the Public Law Outline (First Follow Up)

Reasonable Progress	Original Issues / Risks		Outstanding Issues / Risks
	Report Date	January 2017	January 2018
	Assurance	Limited	Limited
	Catastrophic	5	1
	Major	8	3
	Moderate	13	3
	Minor	3	1

57. A review of the process relating to childcare court cases under the Public Law Outline was undertaken as part of the annual Internal Audit Plan in 2016/17. The final report issued in January 2017 resulted in a 'Limited Assurance' rating.
58. The removal of a child from its parent is in some cases essential to ensure the safety and wellbeing of a child. The Public Law Outline (PLO) is a protocol attempting to reduce unwarranted delays in family court cases.
59. A CSSIW Inspection of Children's Services report was issued in March 2017 with a number of critical-rated and some positive findings. The Service has produced an improvement plan and is currently working towards implementing the improvement plan.
60. Our follow up review confirms that from the 29 recommendations made, 11 have been implemented to date with a further 14 partly implemented.
61. Since the beginning of the original audit in 2016, there has been significant staff turnover and the service has experienced difficulties in filling some posts. The current Head of Service has been in post since 27 November 2017. A new IT system was implemented in August 2017 to replace the previous RAISE system with work undertaken to ensure a smooth crossover between the two systems.
62. The Service has undergone a re-structuring process during the year aiming for Practice Leaders to be responsible for three to four Social Workers to ensure they have more access to their manager resulting in quicker advice and a more adequate support and supervision process. A Quality Assurance Framework has also been approved aiming to provide safe professional practice; supporting the right children / adults, in the right way, at the right time; evaluating whether it is making a difference to practice improvement; providing a professional context that supports learning, reflection, openness and supportive challenge.
63. The service is focused on improving the quality of the services provided, including Court work (with the development of a Court Action Plan), case recording, assessments, reviews, visits and analysis of risk.

64. A report presented to the Scrutiny Committee on 13 November 2017 states that the number of children on the Child Protection Register has reduced significantly from 102 in March 2017 to 56 on 31 August 2017. This is a reduction of 55%. This is believed to be as a result of working proactively with families and helping them to change.
65. The outstanding 'Catastrophic' risk relates to Support worker visits being conducted in accordance with the care plan during court proceedings. This could result in children not being seen and supported for a longer period than what was assessed to be necessary according to the risk identified. Management states that all Support Worker visits do comply with all care plans and that failure to comply could lead to disciplinary proceedings being followed against the member of staff. While certain documents such as letters before proceedings, and pre-proceedings meetings were not always found on the system, it was assured that relevant letters and meetings have taken place and the weakness is in the uploading of information onto the system.
66. We therefore conclude that significant work has been undertaken to improve the efficiency and the quality of services provided and to improve the recruitment of Social Workers. However, further work is required to ensure that policies / procedures are fully embedded in the daily staff processes.
67. Recommendations have been amended in accordance with the new audit approach of raising Issues and Risks. As a result, it has been possible to combine some of the original recommendations.
68. The Council has demonstrated '**reasonable progress**' in implementing actions agreed to address the audit recommendations. However, due to the outstanding 'Catastrophic' risk, the level of assurance remains as '**Limited**'. We will undertake a further follow up review during 2018/19.

## Corporate Procurement Framework (First Follow Up)

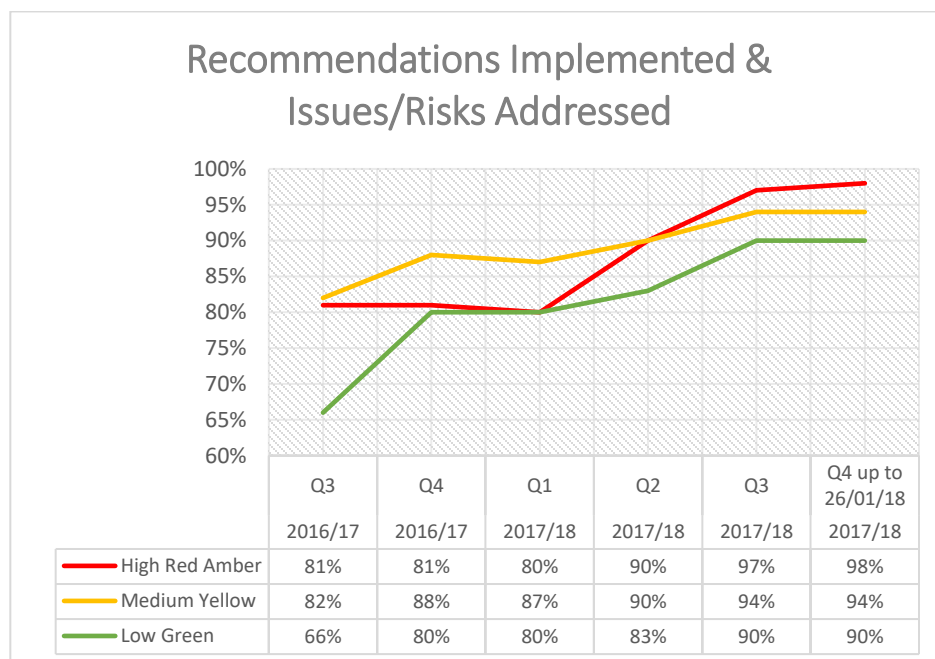
Good Progress	Original Issues / Risks		Outstanding Issues / Risks
	Report Date	September 2017	January 2018
	Assurance	Limited	Limited
	Catastrophic	1	1
	Major	1	1
	Moderate	16	9
	Minor	2	1

69. From the 20 Issues/Risks raised in September 2017, 10 (nine of moderate priority and one minor) had management actions that were due to be completed by 31 December 2017 and were the subject of our follow up review. We have confirmed that action has been completed for seven of the 10 Issues/Risks raised, with one partially completed. A further action with a target date of February 2018 was also found to have been implemented.
70. The two Issues/Risks where action has not been completed involves the updating of draft terms and conditions available for use on the intranet to include safeguarding and the most recent Welsh Language Standards. It was confirmed that the Legal Department has contacted the relevant officers for advice on wording but is yet to receive a response.
71. The Council has demonstrated **‘good progress’** in implementing actions with an agreed target date of December 2017. However, the assurance level of the report remains as a **‘Limited Assurance’** level due to the priority level of the remainder of issues raised which are yet to reach their target implementation date. We will undertake a further follow up review in July 2018 to monitor the progress of addressing the Issues/Risks.



## Implementation of Management Actions

72. As part of the new internal audit approach, we have moved away from making recommendations to raising 'Issues' and 'Risks'. To encourage management to have ownership for the risks, we place the responsibility on them to develop the action to address the issues / risks we have identified.
73. To provide the Committee with trend information, the graph below highlights the performance in implementing the recommendations / addressing the risks:



74. As can be seen, the Council has steadily improved its performance over the last 13 months with a significant increase over the last six months.
75. Analysis of the outstanding Issues/Risks has highlighted that the extension to the target dates for addressing the Payment Card Industry Data Security Standards and the Children's Court Orders under the Public Law Outline Issues/Risks has been the main contributor to the increased performance. The percentage could creep down once these reach their target dates.
76. This highlighted that managers assigned with implementing actions could extend the target implementation date without reference to Internal Audit. We have now withdrawn this facility from managers and all requests for the date to be extended must be made to Internal Audit, who will consider the circumstances before agreeing to extend. We expect that this will have an impact on the implementation rate and performance will worsen in the short-term.
77. A more detailed report of all outstanding recommendations and Issues/Risks is made twice a year and follows this report.

## Progress in delivering the Internal Audit Operational Plan 2017/18

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78. Due to a significant slippage of work from 2016/17, the retirement of the Corporate Fraud Officer and the long-term absence and resignation of a Senior Auditor, the resource available to complete the Operational Plan for 2017/18 has reduced.
79. Consequently, the Head of Audit and Risk has undertaken a risk assessment with Heads of Service and the Head of Function (Resources) / Section 151 Officer. Audit reviews have been prioritised to ensure resources are targeted to the areas of highest risk.
80. The Revised Annual Plan is attached at [Appendix A](#). To date, we have completed 64% of the revised plan, with a further 23% currently work in progress – a combined total of 87%. Ninety-two percent of audits have been completed in time, against a target of 90%. We have submitted 84% of our reports to the targeted Audit and Governance committee meeting.
81. Following the Head of Audit and Risk's commencement in post in April 2017, work has been ongoing to revise and modernise the internal audit approach, including a *Systems Thinking* exercise to identify efficiencies and improve the process and reporting mechanisms. This work continues.

## Items requested by the Audit and Governance Committee

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82. No specific items were requested at its meeting of 5 December 2017.

## Other Issues

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### Audit and Governance Committee Terms of Reference

83. The Committee should periodically review its terms of reference for appropriateness. It last reviewed and approved its terms of reference in February 2015, with approval granted by the Executive in April and the County Council in May 2015.
84. In accordance with the Committee's Forward Work Programme, the terms of reference were due to be submitted to the Committee's September meeting. However, at this meeting, the Committee approved the postponement of the review of the terms of reference until the Committee's December meeting, following publication of the new CIPFA guidance, anticipated to be November 2017.
85. Members of the Committee will recall from the December meeting that CIPFA had postponed publication until December 2017 and the Committee approved the postponement of the review of its Terms of Reference.
86. However, CIPFA has again postponed publication. Although the document is complete, CIPFA has to wait for the Home Office, which is bringing out a new Financial Management Code of Practice that impacts on police audit committees. It has confirmed it will now publish the new guidance in March 2018.
87. Therefore, it is proposed to postpone the review of this Committee's terms of reference until the following Audit and Governance Committee meeting.
88. The Committee is asked to approve this postponement.

## Appendix A – Annual Internal Audit Plan 2017/18

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
<b>AUTHORITY WIDE REVIEWS (CORPORATE)</b>										
1	Corporate	Capital Expenditure	Cyclical IA	Final	December 2017 (T) February 2018 (A)	Substantial	15	15	15	
2	Corporate	Corporate Procurement Framework	IA Assessed Risk	Final	September 2017	Limited	10	6	6	
3	Corporate	Data Protection & Information Governance - General Data Protection Regulations - Readiness	Corporate Risk YM13 ICO Report	Final	February 2018	Reasonable	15	15	10	
4	Corporate	ICT Disaster Recovery	Corporate Risk YM10	Final	September 2017	Substantial	10	6	6	
5	Corporate	Risk Management	Cyclical IA	Deleted	n/a	n/a	10	0	0	Overview conducted in 2017 with Insurance & Risk Manager, SLT and Penaethiaid. Review in 2018/19
6	Corporate	Corporate Safeguarding	Corporate Risk YM12	Final	July 2017	Reasonable	20	20	20	
7	Corporate	Transformation Programme - Smarter Working	Section 151 Officer Request	Scoping			15	15	0.5	
8	Corporate	Ethical Culture	PSIAS Requirement	Final	September 2017	Reasonable	20	16	16	
9	Corporate	Social Services and Well-being Act - Part 9 requirements	New legislation	Fieldwork	April 2018		20	3	0.75	Extension from WG to implement pooled budgets.

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
										Therefore watching brief only with view to undertake audit in 2018/19
10	Corporate	Programme/Project Management	CEO Request - SLT Objective	Fieldwork	February 2018		15	15	3.75	
11	Corporate	Corporate Health & Safety	Audit Concern	Fieldwork	February 2018		15	15	4.25	
<b>HEAD OF FUNCTION - RESOURCES &amp; SECTION 151 OFFICER</b>										
12	Resources	Council Tax & NDR	Key Financial System	Final	December 2017	Reasonable	20	20	19	
13	Resources	Fixed Asset Register & Capital Accounting	Key Financial System	Deleted	n/a	n/a	10	0	0	Work undertaken by external audit. Some overlap with Capital Expenditure audit. Audit deleted.
14	Resources	High Level Controls for Key Financial Systems	Key Financial System	Deleted	n/a	n/a	10	0	0	Days transferred to Sundry Debtors due to issues identified. Key financial systems have been covered individually except for Treasury Management which has been green for a number of years.

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
15	Resources	Housing Benefit & Council Tax Relief Scheme	Key Financial System	Final	September 2017	Reasonable	15	23	23	Excess days transferred from contingency
16	Resources	Main Accounting System	Key Financial System	Final	June 2017	Reasonable	10	7	7	
17	Resources	Income - Payment Card Industry Data Security Standard	Key Financial System	Final	February 2018	Limited	15	15	9.75	
18	Resources	Petty Cash/Imprest Accounts	Key Financial System				10	10	0	
19	Resources	Sundry Debtors	Key Financial System	Final	December 2017	Limited	10	27	26.5	Days transferred from Key Financial Systems and contingency due to issues identified.
<b>HEAD OF FUNCTION - COUNCIL BUSINESS &amp; MONITORING OFFICER</b>										
20	Business	Democratic & Member Services - Members' Allowances	Service not audited for significant time	Deleted	n/a	n/a	8	0	0	Discussed with Monitoring Officer - not a risk. Days transferred to GDPR Readiness audit
21	Business	Legal Services	Service not audited for significant time	Deleted	n/a	n/a	6	0	0	Discussed Risk Register with Monitoring Officer - all actions on track. Days transferred to GDPR readiness audit.

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
<b>HEAD OF FUNCTION - TRANSFORMATION</b>										
22	Transformation	Data Centres	Fundamental to Council's Operations	Deleted	n/a	n/a	10	0	0	Postponed until 2018/19. Contingency planning covered under ICT Disaster Recovery audit.
23	Transformation	Active Directory	Fundamental to Council's Operations	Deleted	n/a	n/a	15	0	0	Postponed until 2018/19. Not a priority.
24	Transformation	Network Security Audit (Cyber Security)	Fundamental to Council's Operations	Fieldwork			15	15	3.75	
<b>HEAD OF REGULATION &amp; ECONOMIC DEVELOPMENT</b>										
25	Economic Development	Economic Development Function	Annual Delivery Document 2016/17	Deleted	n/a	n/a	15	0	0	Not a high priority for Head of Service and not in risk register. Audit deleted.
26	Leisure	Leisure Function - Governance & Control	Head of Service request	Scoping			15	15	0.25	
27	Planning	Strategy & Support Team	Head of Service request	Deleted	n/a	n/a	10	0	0	Not a high priority for Head of Service and not in risk register. Audit deleted.
28	Trading Standards	Civil Registration	Service not audited for	Final	September 2017	Substantial	10	10	10	

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
			significant time							
29	Regulation	Licensing Services	Service not audited for significant time	Final	December 2017	Substantial	10	17	17	Excess days transferred from contingency. Not audited before and significant amount of legislation to consider.
<b>HEAD OF HIGHWAYS, WASTE &amp; PROPERTY SERVICES</b>										
30	Highways	Car Park Services & Enforcement	Service not audited for significant time	Deleted	n/a	n/a	15	0	0	New pilot in place with external organisation for car parking enforcement. Delay audit until 2018/19 to have time for pilot to produce results. Other enforcement (dog fouling and littering) separate contract. Also move into 2018/19
31	Highways	Engineering & Design Services	Service not audited for significant time	Deleted	n/a	n/a	15	0	0	Scaling back of service and not a high priority area for Head of Service. Not in risk register.



Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
32	Property	Estate & Property Management - Schools Repair & Maintenance	Service not audited for significant time	Deleted	n/a	n/a	15	15	0	Postponed until 2018/19 - new process not yet implemented
33	Highways	Highways & Civil Engineering - Highways Contract Monitoring Arrangements	Service not audited for significant time	Scoping			15	15	0.25	
<b>HEAD OF HOUSING</b>										
34	Housing	Housing Rents - Readiness for Welfare Reform (Universal Credit)	Key Financial System	Final	February 2018	Reasonable	15	27	23	Excess days transferred from Affordable Housing audit
35	Housing	Affordable Housing, Housing into Homes & Bridging Loan Scheme	Corporate Business Plan	Final	February 2018	Reasonable	15	5	5	Excess days transferred to Housing Rents audit
36	Housing	Supporting People Programme	Service not audited for significant time	Complete	February 2018	Substantial	15	15	14.75	
<b>HEAD OF ADULT SERVICES</b>										
37	Adults	Deprivation of Liberty (DOLs)	Risk of Litigation in relation to Outstanding DOLs Assessments	Scoping			15	15	0.25	

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
45	Adults	Direct Payments	Head of Service request				0	15	0	Head of service concerns around the governance and controls around expenditure. Priority area. Days transferred from Joint Service Delivery and Management audit
38	Adults	Joint Service Delivery & Management in relation to older people services with Health Board	Annual Delivery Document 2016/17	Deleted	n/a	n/a	15	0	0	Not a high priority for Head of Service and not in risk register. Days transferred to Direct Payments audit.
39	Adults	Services for the Elderly - Home Care Contracts	Annual Delivery Document 2016/17	Deleted	n/a	n/a	15	0	0	Not a high priority for Head of Service and not in risk register. Days transferred to contingency
<b>HEAD OF CHILDREN'S SERVICES</b>										
40	Children's	Corporate Parenting Strategy - Plant Mewn Gofal Invest to Save - Maethu	External Assurance	Fieldwork	Fieldwork		15	10	3	

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
<b>HEAD OF LEARNING</b>										
41	Learning	Secondary Schools - 6th Form Funding - Ysgol Syr Thomas Jones	Cyclical Review	Deleted	n/a	n/a	10	0	0	Not a high risk area. Audit deleted
42	Learning	Primary Schools - Thematic Reviews - Schools Income Collection	Head of Service request				20	20	0	
43	Learning	School Sickness Absence	Head of Service request	Deleted	n/a	n/a	20	0	0	Significant work undertaken.
44	Learning	School Transport	Head of Service request	Final	September 2017	Limited	20	26	26	Excess days transferred from contingency. Significant issues identified.
<b>CHARGEABLE NON PROGRAMMED DAYS (PRODUCTIVE)</b>										
		Follow Up Work					35	70	71.25	Several limited assurance reports. Significant amount of work being undertaken to clear old outstanding recommendations, particularly in schools.
		General Counter Fraud Work, National Fraud Initiative and enquiries					155	80	85.25	Days reduced due to deletion of Corporate Counter Fraud Officer post

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
		<b>Referrals:</b>								
46	Referral	CSSIW Report - Governance around Action Plan	Request from Audit & Governance Committee	Complete	June 2017	n/a	0	2	2	
47	Referral	Payroll Overpayment	Request from Accountancy Services Manager	Complete	February 2018	n/a	0	7	7	
48	Referral	Registration of Financial Charges	Request from Section 151	Fieldwork	<i>February 2018</i>		0	11	19	
49	Referral	After School Club - Fund Irregularities	Request from Learning Services	Complete	n/a		0	14	13.75	
		Closure of Previous Year's Work					20	20	20	
		<b>Grant Certification:</b>					35	0	0	Grant certification work complete
50	Grant	School Uniform Grant	Request from Accountancy	Complete	December 2017	Substantial	0	2.5	2.5	
51	Grant	Rent Smart Wales Grant	Request from Accountancy	Complete	July 2017	Substantial	0	10	10	
52	Grant	Education Improvement Grant	Request from Accountancy	Complete	July 2017	Substantial	0	3	3	
53	Grant	Pupil Development Grant	Request from Accountancy	Complete	July 2017	Substantial	0	6	6	
54	Grant	Sixth Form & Adult Continuing Learning 2016-17	Request from Accountancy	Complete	February 2018	Substantial	0	0.5	0.5	
		Corporate consultancy					55	35	38.25	

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
		Audit & Governance Committee, including training for members					23	40	40.5	
		Management Review					0	40	36.25	Days transferred from Management
		Contingency					120	1	0	
		<b>TOTAL</b>					<b>1057</b>	<b>790</b>	<b>631</b>	
<b>NON CHARGEABLE DAYS (NON-PRODUCTIVE)</b>										
		Risk & Insurance					50	30	9.5	
		General Administration					70	60	59.5	
		Personal Development & Review, 121 & Team Meetings					8	25	21	Insufficient allocation. Days transferred from contingency.
		Management, including liaison with External Audit and audit plan preparation					75	45	38	Days transferred to Management Review
		Annual Leave (164), including statutory leave (41) and special leave (90)					245	295	270.25	Days amended due to retirement of Corporate Counter Fraud Officer and special leave and resignation of Senior Auditor.
		Sick Leave					45	10	13.75	Good sickness record in the team - days transferred to training

Ref	Service	Title	Source	Current Status	Target to report to Audit & Governance Committee	Assurance Level	Planned Days	Revised Days	Actual Days	Reason for Amendment
		Training and Development for staff, including induction and Welsh lessons					10	75	73	Insufficient allocation - days transferred from sickness allocation and contingency
		<b>TOTAL</b>					<b>503</b>	<b>540</b>	<b>485</b>	
		<b>GRAND TOTAL</b>					<b>1560</b>	<b>1330</b>	<b>1116</b>	