

# Report

## Audit Committee

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### Part 1

Date: 6<sup>th</sup> June 2019

Item No: 8

**Subject** Internal Audit Annual Report 2018/19

**Purpose** To inform the Members of the Council's Audit Committee of:

- i) the overall opinion on the internal controls of the City Council for 2018/19;
- ii) Internal Audit's progress against the agreed audit plan;
- iii) Internal Audit's performance against local performance indicators.

**Author** Chief Internal Auditor

**Ward** General

**Summary** Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

This report has been prepared in accordance with the Public Sector Internal Audit Standards. It gives an overall opinion on the adequacy and effectiveness of the City Council's internal controls during 2018/19, which was **Reasonable** - Adequately controlled although risks identified which may compromise the overall control environment; improvements required; reasonable level of assurance.

The second part of the report relates to the performance of the Internal Audit Section and how well its key targets in the year were met. 83% of the approved audit plan was completed in the year against a target of 82%.

**Proposal** That the Annual Internal Audit Report 2018/19 and overall Audit Opinion be noted and endorsed by the Council's Audit Committee

**Action by** The Audit Committee

**Timetable** Immediate

This report was prepared after consultation with:

- Chief Financial Officer
- Monitoring Officer
- Head of People and Business Change

**Signed**

## Background

1. Newport City Council, a local government organisation, is subject to The Accounts and Audit (Wales) Regulations 2014 and therefore has a duty to make provision for Internal Audit in accordance with the Local Government Act 1972.
2. The Regulations state that the Responsible Finance Officer of the organisation shall maintain an adequate and effective internal audit of the accounts of that organisation. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources.
3. In line with the Public Sector Internal Audit Standards, the Chief Internal Auditor should present a formal annual report to the Council which gives an opinion on the overall adequacy and effectiveness of the Council's internal control environment. The annual report should also:
  - disclose any qualifications to that opinion, together with reasons for the qualification
  - present a summary of the audit work undertaken to formulate the opinion
  - draw attention to any issues the Chief Internal Auditor judges particularly relevant to the preparation of the statement on internal control
  - compare the work actually undertaken with that planned and summarise the performance of the internal audit function against its performance measures and criteria
  - comment on compliance with these standards and communicate the results of the internal quality assurance programme.
4. This report is the Annual Internal Audit Report which incorporates the requirements of the Standards. It provides the overall audit opinion for Members on the internal controls operating within the City Council and provides a summary of the work completed during the year, identifying key findings and outcomes from the work undertaken. It also outlines the performance of the Internal Audit team during the year against agreed pre-set targets.
5. The internal controls operating within the Council are of a complex nature, reflecting the organisational arrangements. Internal Audit plans its work to address the major risks that the Authority faces. That work is not designed to check the work of others but to comment on the controls in place to protect the Council from loss of assets or inefficient operations caused by whatever factors.

### Overall Audit Opinion

- |   |
|---|
| <ol style="list-style-type: none"><li>6. The level of assurance that can be placed on the internal controls operating effectively for 2018/19 is "<b>Reasonable</b>" (<b>Appendix A</b>).</li></ol> |
|---|

7. The opinion for the internal financial controls operating within the Council in 2018/19 is:

We have undertaken our internal audit work for the year ending 31/03/2019 in accordance with the audit plan agreed by the Head of Finance and approved by the Council's Audit Committee on 24<sup>th</sup> May 2018. The plan was designed to ensure adequate coverage over the year of the Council's accounting and operational systems.

Our audit work included reviews, on a sample basis, of each of these systems / establishments sufficient to discharge the Head of Finance's responsibilities under section 151 of the Local Government Act 1972 and The Accounts and Audit (Wales) Regulations 2014. The opinion is based upon the work undertaken. We planned and performed our work to obtain the information necessary to provide us with sufficient evidence to give us reasonable assurance of the internal control systems tested.

Based on this work, in my view the internal controls in operation are **Reasonable**. The opinion expressed relates only to the systems and areas reviewed during the year.

Andrew Wathan  
Chief Internal Auditor  
May 2019

Audit Opinions Issued

8. On undertaking audit reviews in accordance with the annual audit plan, an opinion is given on how well the internal controls of the system or establishment are operating (**Appendix B**). Internal audit reports provide a balanced view of the controls in place and record strengths and weaknesses. The opinion is determined by the number of issues identified during the course of the review and the risk rating and priority given to each. Each audit review undergoes a comprehensive review process by the Audit Manager and occasionally the Chief Internal Auditor before the draft report is sent out to management. The controls are generally measured against a predetermined matrix of expected internal controls for each system; for fundamental systems these are usually derived from CIPFA Control Matrices.
9. The opinions given to individual audit reviews are shown at **Appendix A**. In summary the following opinions were issued following audit reviews:

	2015/16	%	2016/17	%	2017/18	%	2018/19	%
Good	9	26	7	20	11	28	10	22
Reasonable	17	50	22	63	23	58	27	57
Unsatisfactory	8	24	5	14	6	14	10	19
Unsound	0	0	1	3	0	0	1	2
<b>Total</b>	<b>34</b>	<b>100</b>	<b>35</b>	<b>100</b>	<b>40</b>	<b>100</b>	<b>48</b>	<b>100</b>
<b>Overall Opinion</b>	<b>Reasonable</b>		<b>Reasonable</b>		<b>Reasonable</b>		<b>Reasonable</b>	

10. In the past external audit have relied upon the work undertaken by internal audit, in particular on the audit of the fundamental financial systems. The audit opinions issued on these during 2018/19 were Good / Reasonable. None were classified as unsatisfactory or unsound.
11. In addition to planned work the team also undertook “special investigation” reviews. 5 special investigations were undertaken during 2018/19. These arose for a number of different reasons, including information passed straight to the Section regarding allegations against members of Council staff, potential fraud, theft or non-compliance with Council policy / procedures for example. These reviews are typically time intensive and on occasions difficult to prove.
12. Work was also undertaken during the year which did not warrant an audit opinion on the control environment. This is shown at **Appendix C** as Non Opinion Work.

### Key Issues

13. The opinion is derived from the audit opinions given to individual reviews undertaken during the year, as shown at **Appendix A**, and these range from Good to Unsound; a **Good** opinion - *Well controlled with some risks identified which require addressing; substantial level of assurance*.
14. Where unacceptable levels of risk have been identified Heads of Services and their service managers have the responsibility for addressing the situation.
15. It is pleasing to note that 10 “**Good**” audit opinions were issued during the year:
  - Budgetary Control (Capital)
  - Internet Banking
  - Council Tax
  - Family Contact Centre
  - Residential Care Provider Payments
  - Democratic Services & Governance
  - Inspire to Achieve
  - Agency / Overtime (Follow-Up #2)
  - St. Andrew's Primary
  - St Joseph's High
16. 27 “**Reasonable**” audit opinions were issued
17. However, 10 “**Unsatisfactory**” audit opinions were issued:
  - General Data Protection Regulation (GDPR)
  - Subject Access Requests
  - SRS Client Relationship Management
  - Adoption Allowances
  - Commercial & Industrial Property Portfolio
  - Highways
  - Vehicle Tracking System & Usage
  - Street Cleansing
  - Trips & Visits (Evolve System) (Follow-Up)
  - Caerleon Comprehensive
18. There was 1 “**Unsound**” audit opinion issued during 2018/19.

- Bridge Achievement Centre (PRU)

19. The main reasons for giving an unsatisfactory / unsound opinion would generally be where there was a failure to comply with the Council's Financial Regulations or Contract Standing Orders, failure to comply with financial procedures, lack of financial procedures, poor administration, failure to adhere to recognised best practice, non-compliance with the services' own procedures, insufficient controls in place to properly account for income or an inability to demonstrate value for money. A summary of the issues identified in the above **Unsatisfactory** audit reports will be reported to Audit Committee separately.

#### Implementation of Agreed Management Actions

20. Jobs were included in the plan to follow up on the implementation of previously agreed management actions relating to audit work in 2017/18. This is now a performance measure included in each Head of Service's performance suite.
21. During the year the team sought assurance from operational managers that previously agreed management actions to improve the internal control environment and reduce the level of risk had been implemented. This related to 2017/18 finalised audit reports.
22. Across all service areas, 90% of actions agreed by management had been implemented (includes actions partially implemented where the risk has been significantly or sufficiently mitigated). There are insufficient resources within the team to follow up all audit reports issued to test that all of the agreed management actions have been implemented at an operational level; the Internal Audit team therefore have to rely on the integrity of managers to provide accurate feedback on whether or not they have implemented the actions they agreed. **Appendix D**.

#### National Fraud Initiative (NFI)

23. The Internal Audit Team is responsible for co-ordinating the NFI process for the Council, an initiative run by the Cabinet Office. This is a biennial data matching exercise that matches electronic data within and between participating bodies to detect and prevent fraud and overpayments from the public purse across the UK.
24. For the 2016/17 exercise, a total of 5,123 matches (across 94 reports) were returned to NCC for consideration and investigation. Resources were focused on 'recommended matches', of which there were 1,344. In most cases there was a legitimate explanation for the match, including timing differences in the data submissions or out of date records held by the Authority. However, enquiries into the Housing Benefit matches resulted in 11 cases being referred to the DWP for suspected fraud. 6 errors in relation to Housing Benefit, the Council Tax Reduction Scheme and Private Residential Care Homes were also identified. The largest of these errors was in respect of fees for a residential care placement, which the Council had continued to pay after the client had died. This resulted in an overpayment of £68,184.29 which has subsequently been recovered from the care home provider.

#### The Way Forward

25. Managers of the service areas need to ensure that robust internal controls are in place and adhered to in order to ensure that the systems in operation run efficiently and effectively and the scope for misappropriation, theft or error is minimised. Heads of Service have a responsibility to ensure that the Council's Financial Regulations are complied with at an operational level. Staff

should be made aware of the Financial Regulations and the requirements therein and the consequences of non-compliance.

26. Internal Audit currently run seminars on what Financial Regulations and Contract Standing Orders mean, why they are in place, what they are about and to whom they relate. 9 (9 in 2017/18) sessions were delivered to 176 delegates during 2018/19 (175 in 2017/18).
27. Adequate financial procedures need to be put in place and disseminated to all concerned to make sure that they are complied with to ensure systems and processes are run as intended by management. Agreed management actions stated in audit reports should be implemented to eliminate or reduce the weakness and minimise the risk.

#### Performance of the Internal Audit Section 2018/19 (Appendix E)

28. Despite not having a full complement of staff for the whole year, 83% of the approved audit plan was completed against a target of 82%; (84% completed in 2017/18). A total of 91 (81) audit reviews were planned during the year with 75 (68) being completed to at least draft stage by the end of the year. (The total number of jobs in the plan was adjusted from 91 to 90 to reflect the fact that managers were not able to accommodate the audit during the year). Comparisons against periods 2016/17 to 2018/19 are shown at **Appendix E**.
29. As a result of the commitment and dedication of the remaining Internal Audit staff in post during the year, the team did really well against pre-set targets.
30. Although 180 days were planned for special investigations during the year, 64 productive days were actually spent auditing specials and unplanned work, which meant more planned audit work could be undertaken.
31. There continued to be audit coverage throughout the service areas of the Council which again, was met with positive feedback from management. The team continually provides advice on financial matters to ensure managers are better placed to ensure sound financial management in their service areas. This may impact on the audit plan but this is where internal audit adds value to the Authority.
32. The efficiency of turning final reports around and getting them out to operational managers is generally within the targets set (average of Welsh local authority internal audit teams). Having agreed identified issues with management we are now giving management the responsibility for coming up with their own actions of how controls can be improved; the use of laptops at draft report discussions has speeded up this process and has been welcomed by management.
33. Getting draft reports out this year took 11 days against a target of 10. Final reports were sent out within 3 days of receiving agreed management comments.
34. In 2018/19 the Audit Section continued to send out evaluation questionnaires to managers after an audit review had been undertaken in their area, which gave them an opportunity to feedback on the performance, professionalism and the audit process in general. Following the finalisation of reviews, 46% of questionnaires were returned (32% in 2017/18) with 100% of managers stating they were satisfied with the audit process and that it added value to service provision, which is reassuring.
35. As examples of where the team has added value in the work undertaken, feedback comments are shown at **Appendix F**.
36. The Audit Team had an establishment of 8 staff (including the Chief Internal Auditor). The section is split into two teams which cover the whole of the Council's systems, establishments and staff,

each managed by an Audit Manager. During the year the team was supported external agency staff to help achieve the plan.

37. The majority of the fundamental financial systems audited were completed to at least draft report stage by the year end.
38. The Audit Section's management realistically plans for externalities like special investigations, financial advice and financial training although ad-hoc reviews requested by management are not always taken into consideration but will have an immediate impact on the achievement of the audit plan. In 2018/19, 5 special investigations were undertaken across all service areas which dealt with allegations of fraud and non-compliance with policy.
39. Many of the managers within the Council also call upon the Audit Section for financial advice which is generally reactive. Internal Audit staff are more than willing to offer any help and assistance they can to ensure that operations are undertaken properly but this can also have an impact on planned audit reviews.
40. The number of planned audits completed within the estimated time allocation amounted to 64% in 2018/19 compared with 68% in 2017/18. Generally, overruns are due to issues being identified during the course of the audit. The reasoning behind any significant overruns will be explored by management.
41. Newport's Internal Audit Section's performance is benchmarked annually with the other 21 authorities in Wales via the Welsh Chief Auditors' Group.
42. Where targets have not been achieved, Internal Audit management will continue to address this in the 2019/20 audit plan which should lead to future improvements in performance. Inevitably, delays caused by means beyond the control of the audit section can only be minimised by on-going discussions with management.
43. The Policy Finance Committee (1998) requested that on-going consideration be given to the sufficiency of internal audit resources. Audit staff resources have been reduced over the last few years which means that fewer audit jobs can be undertaken in the audit plan which results in the provision of less assurance across all service areas.
44. With a full complement of staff, the audit resource is only just about sufficient to provide assurance on the Council's internal control environment, but given the experiences of staff changes in the last couple of years, the Chief Internal Auditor will have to monitor the situation closely and use a range of options to ensure appropriate audit coverage is provided. The Chief Internal Auditor will endeavour to provide adequate and appropriate audit coverage throughout the Council although prioritisation is required, given the reduced resources within the team.
45. The current level of resources is just about adequate to meet the continuing needs of service led demands. However, the level of resources needs to be assessed in line with Internal Audit's on-going involvement with The Measure, performance indicators, the changing risk profile of the Council and auditing grant claims not reviewed by the external auditor.

#### Developments

46. In the spirit of Making the Connections and shared services the Chief Internal Auditor has continued in his dual role acting in that capacity for Newport City Council and Monmouthshire County Council. This is a permanent arrangement.
47. Where unfavourable audit opinions are issued it is the Head of Service's responsibility to inform their respective Cabinet Member of the situation and ensure that appropriate action is taken to address the issues identified.

48. During 2017/18 the Internal Audit team had its self-assessment against the Public Sector Internal Audit Standards externally validated. The outcome was that the team is Generally Compliant, which is the highest level of achievement. The report and subsequent action plan was reported to Audit Committee in September 2018; progress against this action plan will be reported to Audit Committee separately.

## Financial Summary

49. There are no financial issues related to this report.

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)					
Net Costs (Savings)					
Net Impact on Budget					

## Risks

50. If Members are not involved in the endorsing the Annual Audit Report it would weaken the overall governance arrangements of the Council and be non-compliant with the Public Sector Internal Audit Standards, which therefore, could be subject to adverse criticism from the external auditor, currently WAO.

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Members not involved with audit reporting process	M	L	Internal Audit attend all Audit Committee meetings and present reports on a regular basis	Chief internal Auditor

\* Taking account of proposed mitigation measures

## Links to Council Policies and Priorities

51. Giving management assurance on systems in operation gives them confidence that there is sound financial management in place, that more effective services can be provided and the risk of theft, fraud and corruption is minimised. Better service provision, looking after the public pound makes our City a better place to live for all our citizens, hence Improving People's Lives.

- To make our city a better place to live for all our citizens
- To be good at what we do
- To work hard to provide what our citizens tell us they need

## **Options Available**

52. This is a factual report and therefore there are no specific options to be considered. The annual report provides a mechanism for monitoring the performance and progress of the Internal Audit team and the adequacy of the Council's internal control environment to ensure the public pound is spent wisely and appropriately and that fraud, theft and corruption is minimised.
53. The Audit Committee is asked to note progress on delivery of the audit plan and the annual audit opinion given to date and ask questions, make observations and recommendations, as necessary.

## **Preferred Option and Why**

54. Option (1) as it is requirement of the Public Sector Internal Audit Standards and ensures good governance.

## **Comments of Chief Financial Officer**

55. I can confirm that I have been consulted on the Annual Audit Report 2018/19 and have no additional comments.

## **Comments of Monitoring Officer**

56. The Annual Report is in accordance with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. The report confirms that adequate and effective internal financial controls are in place to ensure that the Council complies with its financial duties. The second part of the report puts the work of the Audit Section into context within the Council's Performance Management Framework and again highlights the effectiveness of the work undertaken by this service area.

## **Staffing Implications: Comments of Head of People and Business Change**

57. There are no other specific HR issues arising as a result of the report. In terms of Corporate Policy & Performance, the report presents a review of audit activity during the period concerned and is set out in the context of performance framework. Clearly the work of the audit team is critical in giving assurance that the work of the Council is being undertaken within the set policies and procedures. It is also critical in ensuring that the organisation meets its statutory responsibilities under the Well-being of Future Generations Act (2015).

## **Comments of Cabinet Member**

58. Not applicable.

## **Local issues**

59. No local issues.

## **Scrutiny Committees**

60. Not appropriate.

## **Equalities Impact Assessment**

61. Not required.

62. The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not. The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

63. As this is an annual report on performance and audit opinions there is no need for an Equalities Impact Assessment. All audits are undertaken in a non-discriminatory manner.

## **Children and Families (Wales) Measure**

64. Not appropriate.

## **Wellbeing of Future Generations (Wales) Act 2015**

65. In compiling this report the principles of this Act have been considered:

- Long term: The Internal Audit workload is based on an annual operational plan supported by a 5 year strategic plan
- Prevention: Internal Audit identify strengths and weaknesses within the control environment of Newport City Council; addressing the weaknesses gives management the opportunity of preventing gaps in service provision getting worse. This should also minimise the potential for fraud, theft, loss or error.
- Integration: Internal Audit opinions provide an objective opinion on the adequacy of the internal control environment in operation and support sound stewardship of public money.
- Collaboration: Internal Audit work with operational managers to develop an appropriate action plan in order to address identified concerns.
- Involvement: Heads of Service and Senior Managers are invited to contribute to the audit planning process each year in order to prioritise audit resources.

## **Crime and Disorder Act 1998**

66. The work undertaken by Internal Audit should minimise potential fraud, corruption, theft or misappropriation within the Council. Allegations of potential criminal activity will be investigated and reported to the police where appropriate.

## **Consultation**

67. Not appropriate.

## **Background Papers**

68. 2018/19 Approved Audit Plan.

Dated:

## APPENDIX A

### Overall Council Opinion for 2018/19 is **Reasonable**

	15/16	16/17	17/18	18/19
<b>Good</b>	9	7	11	10
<b>Reasonable</b>	17	22	23	27
<b>Unsatisfactory</b>	8	5	6	10
<b>Unsound</b>	0	1	0	1
	34	35	40	48

### Internal Audit – Management Information 2018/19

Job number	Group	Service Area	Section or Team	Job Title	Risk Rating / Priority	FINAL	Opinion given
P1819-1	CE	Finance	Accountancy	Budgetary Control (Capital)	High		Good
P1819-4	CE	Finance	Accountancy	Internet Banking	Medium		Good
P1819-6	CE	Finance	Income Collection	Council Tax	Medium	Final	Good
P1819-26	People	Children & Young People Serv	Integrated Family Support Service	Family Contact Centre	Medium		Good
P1819-35	People	Adult & Comm Serv	Service Development & Commissioning	Residential Care Provider Payments	High		Good
P1819-41	CE	Law & Regulation	Democratic Services & Communications	Democratic Services & Governance	High		Good
P1819-50	Place	RI&H	Community Regeneration	Inspire to Achieve	Medium	Final	Good
P1819-67	Place	Streetscene & City Serv	Waste & Cleansing	Agency / Overtime (Follow-Up #2)	High		Good
P1819-82	People	Education Serv	Primary Schools	St. Andrew's Primary	Medium	Final	Good
P1819-85	People	Education Serv	Secondary Schools	St Joseph's High	Medium	Final	Good
P1819-2	CE	Finance	Accountancy	Taxation (VAT)	Medium	Final	Reasonable
P1819-3	CE	Finance	Accountancy	Income Returns	Medium	Final	Reasonable

Job number	Group	Service Area	Section or Team	Job Title	Risk Rating / Priority	FINAL	Opinion given
P1819-7	CE	Finance	Procurement	Creditors CAATs	Medium		Reasonable
P1819-8	CE	Finance	Procurement	Petty Cash / Imprest Accounts	Medium	Final	Reasonable
P1819-9	CE	Finance	Procurement	Purchasing Cards (Transactions)	Medium		Reasonable
P1819-13	CE	Finance	General	Follow up of Agreed Management Actions	Not applicable	Final	Reasonable
P1819-14	CE	People & Bus Change	Business Improvement & Performance	Performance Indicators	Medium	Final	Reasonable
P1819-15	CE	People & Bus Change	Business Improvement & Performance	Risk Management	High		Reasonable
P1819-16	CE	People & Bus Change	Human Resources	Members' Allowances	Medium	Final	Reasonable
P1819-17	CE	People & Bus Change	Human Resources	Payroll CAATs	Medium		Reasonable
P1819-18	CE	People & Bus Change	Human Resources	Equal Pay	Medium		Reasonable
P1819-27	People	Children & Young People Serv	Operations	Adoption Fees	High		Reasonable
P1819-34	People	Adult & Comm Serv	Managed Care	NCN Teams (x 3 - East, North, West)	High	Final	Reasonable
P1819-38	People	Adult & Comm Serv	Care & Support Services	Parklands	Medium	Final	Reasonable
P1819-43	CE	Law & Regulation	Public Protection	Food Safety	Medium	Final	Reasonable
P1819-45	CE	Law & Regulation	Public Protection	Consumer Protection Team	Medium		Reasonable
P1819-49	Place	RI&H	Community Regeneration	Families First	High	Final	Reasonable
P1819-55	Place	RI&H	Housing, Regeneration & Property	Housing Needs (Common Register)	Medium	Final	Reasonable
P1819-58	Place	Streetscene & City Serv	Customer Experience	Housing Benefits	High	Final	Reasonable
P1819-59	Place	Streetscene & City Serv	Bereavement Services	Cemeteries (Follow-Up)	High		Reasonable
P1819-66	Place	Streetscene & City Serv	Asset Management	Telford Depot CCTV & Security (Follow-Up)	High		Reasonable
P1819-77	People	Education Serv	Primary Schools	Milton Primary (PAR) (2017/18)	Medium	Final	Reasonable
P1819-78	People	Education Serv	Primary Schools	Charles Williams Primary (Follow-Up)	High	Final	Reasonable
P1819-79	People	Education Serv	Primary Schools	Maindee Primary	Medium	Final	Reasonable
P1819-80	People	Education Serv	Primary Schools	Pillgwenlly Primary	Medium	Final	Reasonable



## Appendix B - Audit Opinions used in 2018/19

	GOOD (Green)	Well controlled with no critical risks identified which require addressing; substantial level of assurance.
	<b>REASONABLE</b> (Yellow)	<b>Adequately controlled although risks identified which may compromise the overall control environment; improvements required; reasonable level of assurance.</b>
	UNSATISFACTORY (Amber)	Not well controlled; unacceptable level of risk; changes required urgently; poor level of assurance.
	UNSOUND (Red)	Poorly controlled; major risks exists; fundamental improvements required with immediate effect.

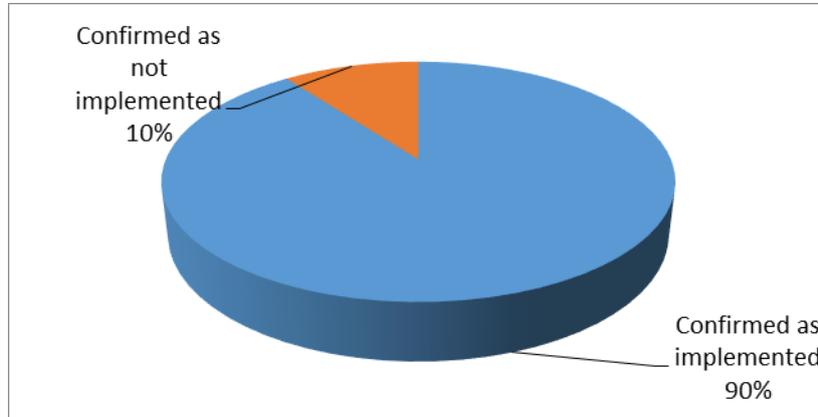
## Appendix C – Non opinion audit work 2018/19

Job number	Group	Service Area	Section or Team	Job Title
P1819-10	CE	Finance	General	Annual Governance Statement
P1819-11	CE	Finance	General	National Fraud Initiative (NFI)
P1819-12	CE	Finance	General	Financial Advice
P1819-23	CE	People & Bus Change	General	Financial Advice
P1819-24	CE	People & Bus Change	General	Financial Regulations Training
P1819-25	CE	People & Bus Change	General	Follow Up of Agreed Management Actions
P1819-31	People	Children & Young People Serv	General	Financial Advice
P1819-32	People	Children & Young People Serv	General	Follow up of Agreed Management Actions
P1819-39	People	Adult & Comm Serv	General	Financial Advice
P1819-40	People	Adult & Comm Serv	General	Follow up of Agreed Management Actions
P1819-47	CE	Law & Regulation	General	Financial Advice
P1819-48	CE	Law & Regulation	General	Follow-Up of Agreed Management Actions
P1819-56	Place	RI&H	General	Financial Advice
P1819-57	Place	RI&H	General	Follow up of 2017/18 Agreed Management Actions
P1819-65	Place	Streetscene & City Serv	Transport	Civil Parking Enforcement
P1819-69	Place	Streetscene & City Serv	General	Financial Advice
P1819-70	Place	Streetscene & City Serv	General	Follow-Up of Agreed Management Actions
P1819-87	People	Education Serv	Other - Schools Related	CRSA's / Healthcheck - Secondary / Primary / Nursery
P1819-88	People	Education Serv	General	Schools Financial Regulations Training
P1819-89	People	Education Serv	General	Financial Advice
P1819-90	People	Education Serv	General	Follow up of 2017/18 Agreed Management Actions
P1819-91	External	Ext Audits	General	SWCAG Training

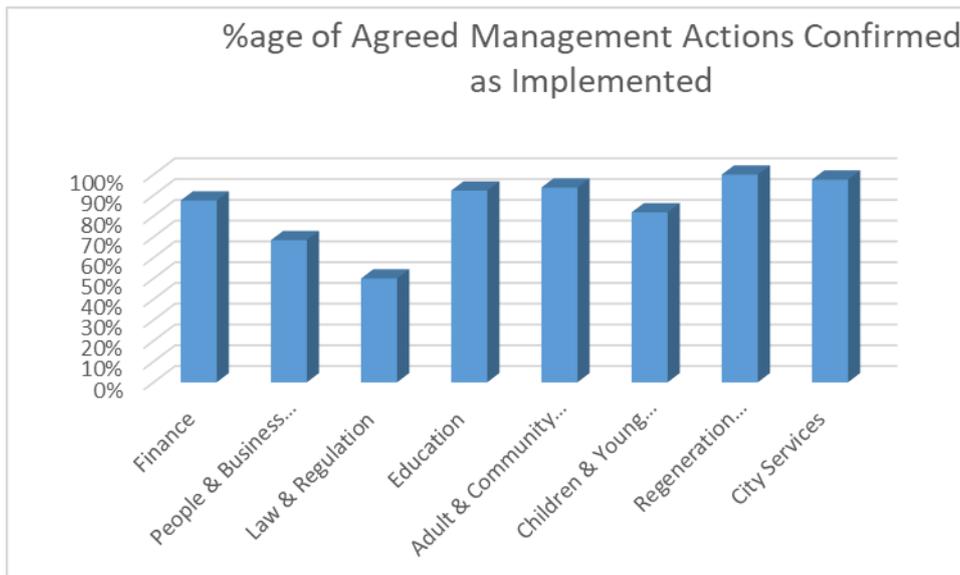
## Appendix D – Implementation of Agreed Management Actions 2017/18

[by service area]

### Implementation of Agreed Management Actions Overall



### %age of Agreed Management Actions Confirmed as Implemented



**Appendix E - Performance Indicators 2018/19 - Newport City Council - Internal Audit Section**

	2016/17 Actual	2017/18 Actual	2018/19 Target	2018/19 Actual
Proportion of planned audits complete	89%	84%	82%	83%
Number of planned audits completed within estimated days	72%	68%	65%	64%
Directly chargeable time against total time available	60%	62%	61%	62%
Directly chargeable time against planned	83%	91%	84%	91%
Proportion of Special Reviews responded to within 5 days	100%	100%	100%	100%
Continue to train staff in all Service Groups/Areas on best financial practice – Number of sessions delivered	9	9	7	9
Staff turnover rate [ 1 member of staff left]	0	1	1	1
Promptness of draft report issue: end of fieldwork to draft report issue date	13 days	14 days	10 days	11 days
Promptness of report finalisation: client response to final report issue date	3 days	4 days	5 days	3 days

## Appendix F

### Summary of Audit Evaluation Questionnaires (AEQ) Comments 2018/19

#### Feedback from Auditees

1	As a team we feel that Kyle has a really good approach when auditing and his personality is an obvious asset as he puts people at ease and therefore gets more from them.
2	Kyle was understanding of the service and could identify the key issues - I was impressed
3	<p>As I was quite new to my post I found the audit extremely helpful, albeit in places painful. The staff were hugely supportive and it was quite clear they were here to help and direct not conduct a witch hunt.</p> <p>We established good rapport with the team and were able to talk openly and honestly about the school, its systems and administration and identify both the things we were doing well but also the gaps which we continue to work on. I have nothing negative to say about the conduct of Jan and Kyle and overall we felt the entire process was constructive and supportive.</p>
4	As a new manager, I was particularly pleased to hear the department was being audited as it provided the perfect opportunity for a thorough assessment of its strengths and weaknesses. I have been very busy ensuring our health and safety policies and procedures were robust enough, so other aspects of the service had to wait. The audit allowed me to get a good diagnosis of what areas needed improvement and a realistic timeframe in order to rectify issues. Paul was thorough, personable and a pleasure to work with. I had the luxury of an audit without any recourse to my own actions/inactions so far, so there was no pressure and it has helped me invaluablely to prioritise what work needs completing after the H&S review.
5	On behalf of the school can I just say both Jan and Kyle were superb in their handling of us and their approach. We always felt supported and encouraged and I hope we came out of the process with a much greater understanding of the areas we are striving to improve.
6	I think that, by their nature, audit processes cannot really be as flexible as, perhaps, some operational services may require, which makes it difficult for the service area management team to fully satisfy the requirements. But all in all I believe the audit process has been fair and I am satisfied with the service provided.
7	We are moving away from paper records and onto electronic applications, which also helps alleviate some of the difficulties staff have with reading/writing literacy skills. I understand the emphasis on record keeping/paperwork which is paramount and hope that consideration is given to the environment in which the Operatives work.
8	I feel the audit process is fair and easy to follow – the difficulty for me was being new in post after the initial Audit was carried out so reviewing in relation to processes that I was still familiarising myself with. I realise that turnover of staff of staff is difficult to plan for!
9	Chris was very friendly and gave clear direction of the paperwork he required

