

## Working Group Report to the Governance and Audit Committee.

Name of Working Group:	Internal Audit Working Group
Date of Meeting:	16 <sup>th</sup> August 2023

### Brief Details of Matters considered at the meeting:

#### SWAP Presentation and Executive Dashboard

- SWAP CEO introduced the history of SWAP, the resources and services available to PCC.
- Partnership model – provided resilience including a pool of auditors to fill vacancies.
- Data and analytics into the future – auditors needed to move forward by utilising technological developments.
- The Chair noted the Constitutional requirement for the GAC to follow the Annual Audit Plan, which prevented the GAC from changing the internal audit arrangements to that of a more agile, risk-based and outcome-focused approach.
- The Chair had contacted the Monitoring Officer to seek amendment of the Council's Constitution. A report to Democratic Services Committee could be drafted, and if agreed, the change to the Constitution would need to be agreed by Full Council.
- SWAP presented a short tutorial of the Executive Dashboard to Members.

#### Questions included:

- How does Powys benchmark against other Authorities?
- Use of Artificial Intelligence in Audit.
- When the Council was re-elected, were audit agendas paused? Does the organisational memory become lost?
- Do External Auditors reduce their fees based on Internal Audit work?
- Do Officers see internal auditors as critical friends?
- Where was Internal Audit involved in identifying risks for the Council?
- How has SWAP adjusted their approach regarding working from home?
- Does SWAP have any evidence to support the efficiencies as a result of working from home, such as for clearance of reports?

#### Accountability Framework

- Outlined the flow of Internal Audit work and expectation for Officers regarding response deadlines, which would require some administration and friction was expected.
- The Chair noted that administration should not be required when there were clear numbers of days detailed to respond to each stage of the audit.
- A trusted relationship would be acceptable by the GAC, provided there was confidence. Until the Chair had confidence, EMT would need to support GAC's disciplined approach to respond to the requirements of SWAP's Internal Audit work.
- The Chair noted her expectation of a disciplined approach to ensure Senior Officers respond within the expected time frames to prevent the audit work from being hindered.

## Working Group Report to the Governance and Audit Committee.

### Outcomes / Observations:

- Internal Audit Working Group Terms of Reference (ToR) to be reviewed in six months' time.
- Noted that Internal Audit reports were often focused on negatives and did not take into account the wider perspectives and positive steps taken during the audit stages.
- The Accountability Framework was to be implemented to ensure a disciplined approach for timely Officer responses to internal audit work.
- Requested that the SWAP Assistant Director join the Head of Finance at Finance Management Team meetings.
  
- Noted that if the IA Working Group wanted to change the processes around the requirement to follow the Annual Audit Plan, following a motion being approved at GAC, a report to the Democratic Services Committee would be required. With the approval from the DSC, the recommendation(s) must then be approved by Full Council to amend the Constitution.

### Future Actions / Items to be added to the Work Programme:

ToR to be used to shape work programme going forward.

- Review in detail, all limited assurance reports.
- Any issues which the SWAP Assistant Director faces in gaining information for Internal Audits should be referred to the IA Working Group to review.
- Supported by the Head of Finance, to review the Supplementary Pension fund (for teacher redundancies/efficiency savings), including:
  - An Internal Audit investigation to establish whether the proper procedures were in place to authorise these payments.
  - Value for money.

### Recommendations to the Governance and Audit Committee:

To receive and note the 16-08-2023 Internal Audit Working Group Report.