

## CYD-BWYLLGOR ERW 16 GORFFENNAF 2018

### PENNAETH AWDIT MEWNOL CONSORTIWM ERW BARN SICRWYDD FLYNYDDOL 2017-18

#### Pwrpas:

Cyflwyno barn flynyddol Pennaeth Awdit Mewnol ar effeithiolrwydd trefniadau llywodraethu, rheolaeth fewnol, rheolaeth risg a rheolaeth ariannol ERW i'r Cyd-Bwyllgor.

#### Argymhellion / Penderfyniadau Angenrheidiol:

**Nodi Barn Sicrwydd Flynyddol Pennaeth Awdit Mewnol 2017-18**

#### Rheswm:

Cynorthwyo ERW i hysbysu'r Datganiad Llywodraethu Blynnyddol

#### Awdur:

Jo Hendy

#### Swydd:

Pennaeth Awdit Mewnol

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#### E-Bost

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**EXECUTIVE SUMMARY  
ERW JOINT COMMITTEE  
16<sup>TH</sup> JULY 2018**

**ERW CONSORTIUM HEAD OF INTERNAL AUDIT ANNUAL  
ASSURANCE OPINION 2017-18**

**BRIEF SUMMARY OF PURPOSE OF REPORT**

To provide the Joint Committee with the opinion of the Head of Internal Audit on the effectiveness of ERW's governance, internal control, risk management and financial management arrangements, in order to inform ERW's Annual Governance Statement.

**DETAILED REPORT ATTACHED?**

**YES**



## IMPLICATIONS

Policy, Crime & Disorder and Equalities <b>NONE</b>	Legal <b>YES</b>	Finance <b>YES</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>
<p><b>1. Legal</b></p> <p>Section 4 within the report highlights delays on reaching a consensus between the Local Authorities within ERW have delayed the Review &amp; Reform Programme from progressing. This has also delayed the update of the Legal Agreement. These should be considered as Significant Governance Issues within the Annual Governance Statement. Section 4 within the report highlights that the Regional Code for Corporate Governance has not been adopted. This should be considered a Priority for Improvement in the Annual Governance Statement.</p>				
<p><b>2. Finance</b></p> <p>Section 4 within the report highlights the need for Local Authority contributions and ERW reserves to be reviewed. This should be considered a Priority for Improvement in the Annual Governance Statement.</p>				

## CONSULTATIONS

Details of any consultations undertaken are to be included here  
N/A

### Section 100D Local Government Act, 1972 – Access to Information

#### List of Background Papers used in the preparation of this report:

##### THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
National Categorisation of Schools	Xyz1	County Hall, Carmarthen



## **EDUCATION THROUGH REGIONAL WORKING (ERW)**

### **Head of Internal Audit Annual Assurance Opinion 2017-18**

#### **1.0 Introduction**

- 1.1 The Public Sector Internal Audit Standards came into effect on the 1st April 2013 and require the Head of Internal Audit to “deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement”.
- 1.2 The purpose of the annual internal audit opinion is to contribute to the assurances available to the Section 151 Officer and the Joint Committee which underpin the Joint Committee’s own assessment of the effectiveness of the system of internal control. The audit work undertaken has been based on a risk assessment and the Joint Committee will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement.

#### **2.0 Internal Audit Work 2017-18**

- 2.1 The Internal Audit Plan for 2017-18 was a fully risk-based audit plan, which was agreed with the Managing Director and the Section 151 Officer and approved by the Joint Committee on the 1 December 2017.
- 2.2 The Internal Audit Plan for 2017-18 consisted of the following:
- Governance (follow up of previous audit recommendations and Annual Governance Statement 2016-17 Priorities for Improvement)
  - Financial Management
  - Business Plan Implementation & Value for Money
  - Preparation for the Introduction of the General Data Protection Regulations

#### **3.0 Head of Internal Audit Opinion**

- 3.1 In order to form an opinion on each audit review, the Internal Audit Service have to obtain sufficient evidence on which to base their opinion, and by necessity this results in testing on a sample or selected basis and having to place reliance on assurances provided by management. Due to this, Internal Audit are unable to provide absolute assurance that all the governance, internal control, risk management and financial management arrangements in place in the areas audited are fully adequate and effective.



- 3.2 Based on the work undertaken by the Internal Audit Service during 2017-18, it is my opinion that overall, subject to variation between areas audited, that limited assurance is given on the effectiveness of governance, internal control, risk management and financial management arrangements in place. Management have agreed to implement the recommendations made following the Internal Audit review. The implementation of these recommendations in an effective and timely manner will assist in strengthening the governance, internal control, risk management and financial management arrangements in place.
- 3.3 In accordance with the Public Sector Internal Audit Standards, the Internal Audit Service has recently been subject to an External Assessment. The Assessment concluded that the Internal Audit Service conforms to the Code of Ethics and the Public Sector Internal Audit Standards.

#### **4.0 Delivery of the Audit Plan**

- 4.1 The internal audit plan has been delivered in accordance with the schedule agreed by the Managing Director, Section 151 Officer and the Joint Committee.
- 4.2 The Internal Audit quality assurance and improvement programme has confirmed compliance with the mandatory requirements of the Public Sector Internal Audit Standards.
- 4.3 Overall, limited assurance was given on the adequacy and effectiveness of arrangements in place. Delays on reaching a consensus between the Local Authorities within ERW have delayed the Review & Reform Programme progressing and resulted in Welsh Government withholding grant funding for 2018-19. This has also delayed the update of the Legal Agreement, in which weaknesses have been exposed during 2017-18. The Review & Reform Programme and the Legal Agreement should be considered as Significant Governance Issues for inclusion within the Annual Governance Statement 2017-18.
- Other areas identified within the Internal Audit review should be considered as Priority's for Improvement for inclusion within the Annual Governance Statement:
- Approval of the Regional Code of Corporate Governance;
  - Review of Local Authority contributions and ERW reserves;
  - School Support;
  - Data Protection Legislation Compliance.

