

# Report



## Governance & Audit Committee

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### Part 1

Date: 26 January 2023

**Subject** Internal Audit – Progress against audit plan 2022/23  
Quarter 3 (Q3)

**Purpose** The purpose of this report is twofold:

The Chief Internal Auditor's update to Members of the Council's Governance & Audit Committee of the Internal Audit Section's progress against the 2022/23 agreed Internal Audit plan for the first 9 months of the year by providing information on audit opinions given to date and progress against key performance targets.

Separately, the Head of Finance's update on audit resources in 2023/24 onwards

**Author** Chief Internal Auditor

**Ward** General

**Summary** The attached report identifies that the Internal Audit Section is making progress against the 2022/23 audit plan and internal performance indicators.

The Internal Audit Plan was based on 1073 audit days.

2 Unsatisfactory audit opinions are being reported:

- i) Purchasing Cards (Transactions) and
- ii) Passenger Transport Unit (PTU) Taxi Contracts follow up.

**Proposal** 1) Regarding progress on delivering the 2022/23 audit plan, that the report be noted by the Council's Governance & Audit Committee

2) Regarding the audit resources in 2023/24 onwards, to provide any feedback and comments to the Head of Finance

**Action by** The Governance & Audit Committee

**Timetable** Immediate

This report was prepared after consultation with:

- Chief Financial Officer
- Monitoring Officer
- Head of People, Policy & Transformation

**Signed**

## Background

### CHIEF INTERNAL AUDITOR UPDATE ON PROGRESS ON THE 2022/23 AUDIT PLAN

1. This report aims to inform Members of the Governance & Audit Committee of progress of work undertaken by the Internal Audit Section of the Council against the agreed Internal Audit plan. Progress against the audit plan for the first 9 months of the year will be reported along with the performance of the team for that period.
2. The report gives Members assurance (or otherwise) on the adequacy of the internal control environment operated within the Council by providing the audit opinions on work undertaken at the end of Q3.

#### Internal Audit Staffing

3. The team currently operates with an establishment of 7.5 FTE audit staff. At the start of the year there were 5.5 audit staff in the team; support is being provided by an external internal audit provider. As a result of significant budget pressures facing the Council, a budget saving proposal has been put forward to reduce the audit establishment by 1 FTE.
4. The relationship with Monmouthshire County Council (for sharing of the Chief Internal Auditor) continues on a 50:50 basis.

#### Public Sector Internal Audit Standards (PSIAS)

5. The Public Sector Internal Audit Standards (PSIAS) came into force from April 2013 (updated March 2017) which the team needs to ensure it is compliant with as it carries out work in line with the audit plan. These standards replace the former Code of Practice for Internal Audit within Local Government – Chartered Institute of Public Finance & Accountancy (CIPFA).
6. A requirement of the PSIAS is for the Internal Audit team to be externally assessed once every five years to ensure compliance with these Standards. The Welsh Chief Auditors' Group proposed an option of a peer review in order to meet the requirements of this external assessment, which has been agreed by respective S 151 Officers of local authorities in Wales. Newport's peer review took place in 2017/18; the outcome being that the team is compliant with the Standards, with no significant areas of non-compliance. The next review will take place at the end of 2023.

#### Internal Audit Plan

7. The 2022/23 Revised Internal Audit Plan was agreed by the Governance & Audit Committee on the 28<sup>th</sup> July 2022 and was based on 1073 audit days with 62 opinion related jobs.
8. Generally in Q1 of our audit plan the team are finalising reports in draft at year end, completing audit jobs which were ongoing at year end but draft reports had not been issued, picking up carried forward jobs from the previous year and starting new year audit jobs. In order to undertake audit work effectively and efficiently we need the co-operation of service managers and the staff in their service areas to accommodate site visits (where necessary), meetings and provide relevant documentation.
9. In 2021/22 external resources were brought in to undertake audit jobs which could not be completed in house due to vacancies. This support has continued into 2022/23 to ensure appropriate audit coverage during the year.

## Performance

10. The Audit Section's performance is measured against planned work, which incorporates externalities like special investigations, financial advice and financial regulations training. Where actual time taken for the review exceeds planned time there will be an impact on the audit plan. Ad-hoc reviews requested by management cannot be planned for but will have an immediate impact on the achievement of the audit plan; we will endeavour to minimise these throughout the year. The section has been involved with some special investigations so far this year but if this increases significantly it could have an impact on this year's achievement of the audit plan; there have also been a few unplanned reviews.
11. The section's performance is measured against performance indicators set and agreed by the Welsh Chief Auditors' Group. Performance against these indicators is reported to the Governance & Audit Committee on a quarterly basis; the target for each of the indicators is set internally by the Chief Internal Auditor.
12. The performance for Quarter 3 2022/23 is summarised below with the detail shown at **Appendix A**:
  - a. 47% of the original audit plan has been achieved so far which is just below the target of 50%;
  - b. The promptness of issuing draft reports (comparing timescale between finalising all fieldwork and issuing the draft report to management) averages 5 days, well within the target time of 10 days;
  - c. The promptness of report finalisation (comparing timescale from meeting with client to discuss issues raised in the draft report to issue of finalised report to management) averages 2 days which is within the target time of 5 days.
13. 12 out of 13 2021/22 audit reviews which were in draft as at 31/03/22 have now been finalised. The remaining audit is in the process of being finalised and will be completed shortly.
14. A vacancy / secondment provision was taken into account in the planning stages which related to the Chief Internal Auditor's work with Monmouthshire and 2 vacant posts. The team took on additional external professional support to enable it to achieve the 2021/22 audit plan and has carried this through to 2022/23.
15. The vacancies in the team will be managed through recruitment and by external support.
16. The team is on track to achieve the agreed Internal Audit plan by the year end.
17. Inevitably there will be some overruns on reviews undertaken within the team which may result in not as many reviews being undertaken as were planned for the year. Some planned work may be deferred by service managers to either later in the year or the following financial year. The Chief Internal Auditor will review the situation throughout the year and will prioritise audit work if necessary, to complete the plan.
18. From time to time the team does get involved with additional non-planned audit work which can result in time consuming special investigations.

## Quality Control

19. On completion of all audit reviews, an evaluation questionnaire is sent out to the service manager with the final report (Appendix F). This gives the manager who has been audited an opportunity to comment on the audit review itself, confirming (or not) that it was of benefit to their service and that the main risks had been covered; the staff, their approach, constructiveness and helpfulness; the report, covering the benefits of discussing the draft report, whether the balance was right via the inclusion of strengths and weaknesses, whether management comments were correctly reflected and if the report format was easy to follow. These questionnaires are returned in confidence to the Chief Internal Auditor who will assess the comments and address any criticisms. Generally, there has been positive feedback from service managers via these questionnaires; this will continue to be collated throughout the year and fed into the annual audit report for 2022/23.

## Financial Training

20. In the Audit Section's continued efforts to ensure that Council's assets are safeguarded and to provide assurance to management that their internal controls are robust, further training specifically on financial regulations and contract standing orders will be offered to all service areas. This course is mandatory for all managers and is available bimonthly, as part of the Corporate Training Programme. Feedback from staff who have previously attended courses has been positive. 8 training sessions have been held so far this year, involving 109 delegates; more are planned in Q4.

## Audit Opinions 2022/23

21. Audit opinions issued so far in 2022/23 are shown at **Appendix B**. Definition of audit opinions currently given is shown at **Appendix D**.
22. 43 jobs were completed to at least draft report stage by 31 December 2022, 21 of which warranted an audit opinion:
- 4 x *Good*,  
15 x *Reasonable*,  
2 x *Unsatisfactory*,  
No *Unsound* audit opinions.
- In addition, 4 grant claims have been audited resulting with an *Unqualified*, opinion.
23. Other work completed related to the Annual Governance Statement, National Fraud Initiative (NFI), the new financial system and the provision of financial advice and financial regulations training (**Appendix C**).
24. The *Unsatisfactory* audit opinions related to Purchasing Cards (Transactions) and Passenger Transport Unit (PTU) Taxi Contracts (Follow-Up) 2021/22 which has previously been reported into Committee.

Job number	Service Area	Section or Team	Job Title	Risk Rating / Priority	Draft / Final	Opinion given
P2223-P5	Finance	Procurement & Payments	Purchasing Cards (Transactions)	Medium	Draft	Unsatisfactory
P2223-P70	City Services	Transport	PTU Taxi Contracts (Follow-Up) 2021/22	High	Draft	Unsatisfactory

25. The key concerns identified from the audit leading to the second consecutive *Unsatisfactory* audit of the PTU (Taxi Contracts) Follow Up has led to the Strategic Director being called into Governance & Audit Committee which is covered under a separate report. The key concerns leading to the Unsatisfactory audit opinion for Purchasing Cards (Transactions) are shown at **Appendix E**.
26. The audit opinion relates to the adequacy of internal controls within the system or establishment being reviewed. The opinion is derived from the balance of strengths and weaknesses identified from evidence obtained, and testing undertaken, during the audit. Where the auditor believes that any issues identified are the result of a deliberate action and may be in breach of the Disciplinary Code or Employee Code of Conduct, further investigations will be carried out and action taken as appropriate.

#### Service Management Responsibilities

27. Heads of Service and service managers are responsible for addressing any weaknesses identified in internal systems and demonstrate this by incorporating their agreed actions into the audit reports. When management sign off the reports, they are accepting responsibility for addressing the issues identified within the agreed timescales.
28. Although Heads of Service are responsible for implementing and maintaining adequate internal controls within service areas, operational managers are responsible for working within those controls and for ensuring compliance with Council policies and procedures. All reports, once finalised, are sent to the respective Heads of Service and Strategic Directors for information and appropriate action where necessary.

#### Follow up audit reviews

29. Where *Unsatisfactory* or *Unsound* opinions are issued, we aim to follow up within a twelve month timescale to ensure that the agreed actions have been taken by management and that the internal control systems are improved. Previously these have been reported separately to this Governance & Audit Committee on a six-monthly basis.

### **HEAD OF FINANCE UPDATE ON AUDIT RESOURCES 2023/24 ONWARDS**

30. As part of the Council's budget proposals for 2023/24, a proposal to reduce the number of audit managers from 2 to 1 is made and this would impact audit resources by 119 operational and 60 management days and necessitate a re-organisation of some aspects of work to facilitate.

The proposal is made within the context of the most challenging financial situation experienced to date by UK public sector and Councils in particular. The 2023/24 budget shortfall presented to the Cabinet in their December 2022 meeting was £27.6m prior to cost reduction plans and £55.8m over the medium term. These are unprecedented levels of budget challenges requiring the consideration of all potential solutions to balance the budget shortfall. This proposal will save £61k annually.

As the Committee will no doubt acknowledge, the deletion of these resources and its impact is far from ideal, especially in a challenging period for this Council. It will reduce opinion related work and therefore less assurance to the Council on the appropriateness of the internal control environment, governance arrangements and risk management processes in place. However, the Council budget needs to be balanced and this saving needs to be seen in the context of other

very significant front line service budget savings and associated risks affecting individual and families which are under consideration. All areas of the Council were required to find substantial and unprecedented level of savings.

The 'decision point' for this proposal is the Head of Finance' and therefore it is not subject to external, public consultation. The Head of Finance and the Executive Team, who have reviewed all proposals, understand the risks involved in deleting this role and this has been set against the risks and other issues involved in other budget proposals across the organisation, which, given the increased scale of savings being considered, are substantial.

As a delegated operational decision for the Head of Finance, the Committee are invited to consider and provide any feedback to the Head of Finance direct, and who will, if required, pass these on to Executive Board / Cabinet Member, as needed.

## Financial Summary

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

## Risks

32. If the plan is not completed due to a lack of resource in the team, the Chief Internal Auditor may have to qualify his year end assurance opinion provided to the Governance & Audit Committee.

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?
Audit Plan not completed	L	M	Audit work will be prioritised ; Have engaged with external provider to provide additional resources to support the team.	Chief Internal Auditor

\* Taking account of proposed mitigation measures

## Links to Council Policies and Priorities

33. 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.

## Options Available

34. This is a factual progress report and therefore there are no specific options to be considered. The quarterly reports provide 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.

35. The Governance & Audit Committee is asked to note progress on delivery of the audit plan and audit opinions given to date and ask questions, make observations and recommendations, as necessary.

## **Preferred Option and Why**

36. N/A

## **Comments of Chief Financial Officer**

37. There are no specific financial issues coming from this report. The internal audit team fulfils my statutory requirement to provide an internal audit function and provides assurances or highlights issues in the 'control environment' operated by services and functions in the operational aspects of carrying out their services and functions.
38. Most services reviewed this year to date are showing a reasonable or better level of control. The exceptions are Purchasing Cards (Transactions) and the 'Passenger Transport Unit Taxi function' which has received a second 'unreasonable' assessment.

## **Comments of Monitoring Officer**

39. There are no legal implications. The report has been prepared in accordance with the Council's internal audit procedures and the Performance Management framework. The progress made to date in delivering the objectives set out in the approved Audit Plan highlights the effectiveness of the work undertaken by this service area in ensuring that adequate and effective internal financial controls are in place.

## **Comments of Head of People, Policy and Transformation**

40. As part of the Well-being of Future Generations Act (2015) and its corporate governance arrangements it is necessary to ensure that the Council's functions are operating effectively and efficiently to manage its governance, internal control and risk management arrangements in the delivery of the Corporate Plan and its statutory duties. This report presents a review of the Internal Audit activity during the period concerned and the outcomes of completed audit reviews. There are no direct human resources impact from this report.

## **Local issues**

41. N/A

## **Scrutiny Committees**

42. N/A

## **Equalities Impact Assessment and the Equalities Act 2010**

43. 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.

44. All audits are undertaken in a non-discriminatory manner and key equalities issues identified under the scope of the audits will be identified as part of the audit reports and management discussions. As this is a report on the performance of the Internal Audit Team and audit opinions issued, there is no requirement for an Equalities Impact Assessment. All audits are undertaken in a non-discriminatory manner.

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

45. N/A

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

46. The role of Internal Audit supports the Council in complying with the principles of the Wellbeing Act and providing assurance on the activities undertaken across the Council. 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 that is aligned to the Council's Corporate 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 Council's corporate governance, internal control and risk management environment in operation and support sound stewardship of public money.

**Collaboration** - Internal Audit work in collaboration 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. The involvement of the Governance & Audit Committee provides assurance and oversight of an effective internal audit provision to carry out its duties.

## **Consultation**

47. N/A

## **Background Papers**

48. N/A

Dated:

**Appendix A**

**Newport City Council Internal Audit Service Performance Indicators**

<b>2021/22</b>	2021/22 Target	1 <sup>st</sup> Qtr 21/22	2 <sup>nd</sup> Qtr 21/22	3 <sup>rd</sup> Qtr 21/22	4 <sup>th</sup> Qtr 21/22	Comments
Proportion of planned audits complete	82%	20%	30%	42%	71%	[Profiled Target Q3 50%]
Directly chargeable time against total time available	50%	57%	55%	53%	53%	Quarterly performance
Directly chargeable time against planned	100%	78%	75%	78%	80%	Quarterly performance
Proportion of Special Reviews responded to within 5 working days	100%	100%	100%	100%	100%	Cumulative figures
Number of sessions provided to train staff in all Service Areas on best financial practice	8	2	5	8	11	Cumulative figures
Staff turnover rate (number of staff)	0	0	0	0	1	Quarterly performance
Promptness of draft report issue (end of fieldwork to draft report issue date)	10 days	7 days	6 days	6 days	5	Cumulative figures
Promptness of report finalisation (date of client meeting to final report issue date)	5 days	5 days	4 days	3 days	3	Cumulative figures

<b>2022/23</b>	22/23 Target	1 <sup>st</sup> Qtr 22/23	2 <sup>nd</sup> Qtr 22/23	3 <sup>rd</sup> Qtr 22/23	4 <sup>th</sup> Qtr 22/23	Comments
Proportion of planned audits complete	82%	19%	31%	47%		[Profiled Target Q3 50%]
Directly chargeable time against total time available	50%	50%	56%	52%		Quarterly performance
Directly chargeable time against planned	100%	60%	58%	62%		Quarterly performance
Proportion of Special Reviews responded to within 5 working days	100%	100%	100%	N/A		Cumulative figures
Number of sessions provided to train staff in all Service Areas on best financial practice	8	3	5	8		Cumulative figures
Staff turnover rate (number of staff)	0	0	0	0		Quarterly performance
Promptness of draft report issue (end of fieldwork to draft report issue date)	10 days	2 days	3 days	5 days		Cumulative figures
Promptness of report finalisation (date of client meeting to final report issue date)	5 days	2 days	2 days	2 days		Cumulative figures

## Appendix B

### Opinions as at 31 December 2022, Q3

	Q1	Q2	Q3
Good	1	1	4
Reasonable	4	8	15
Unsatisfactory	1	1	2
Unsound	0	0	0
Total		10	21
Unqualified	1	4	4

### Internal Audit Services - Management Information for 2022/23 Q3

Job number	Service Area	Section or Team	Job Title	Risk Rating / Priority	Draft / Final	Opinion given
P2223-P16	People, Policy & Transformation	Newport Intelligence Hub	Street Naming & Numbering	Medium	Draft	Good
P2223-P48	Education Services	Resources & Planning	Trips & Visits Evolve System (Follow-up #2)	High	Final	Good
P2223-P49	Education Services	Engagement & Learning	Gwent Music Support Service (Follow-Up)	High	Draft	Good
P2223-P78	Environment & Public Protection	Climate Change	Carbon Reduction Team (2021/22)	Medium	Final	Good
P2223-P3	Finance	Income & Tax	Sundry Debtors	Medium	Final	Reasonable
P2223-P4	Finance	Procurement & Payments	Purchasing Cards - System	High	Final	Reasonable
P2223-P12	People, Policy & Transformation	Digital Services & Complaints	Payment Card Industry Data Security Standards (PCI DSS) (Follow Up)	High	Final	Reasonable
P2223-P13	People, Policy & Transformation	Human Resources	HR/Payroll CAATs	Medium	Final	Reasonable
P2223-P14	People, Policy & Transformation	Human Resources	Recruitment & Selection	High	Final	Reasonable
P2223-P22	Law & Standards	Legal	Land Charges	Medium	Draft	Reasonable
P2223-P26	Children Services	Childrens Teams	Children With Disabilities	Medium	Final	Reasonable
P2223-P29	Children Services	Residential Homes	Rose Cottage	Medium	Final	Reasonable
P2223-P31	Children Services	Residential Homes	Control Risk Self-Assessments	Medium	Final	Reasonable
P2223-P35	Adult Services	Integrated Teams	Mental Health Service (2021/22)	High	Final	Reasonable

Job number	Service Area	Section or Team	Job Title	Risk Rating / Priority	Draft / Final	Opinion given
P2223-P36	Adult Services	Residential Homes	Control Risk Self-Assessments	Medium	Final	Reasonable
P2223-P57	Education Services	Primary Schools	Rogerstone Primary 2021/22	Medium	Final	Reasonable
P2223-P69	City Services	Fleet	Vehicle Usage & Trackers (Follow up)	High	Draft	Reasonable
P2223-P79	Environment & Public Protection	Cemetery & Crematorium	Gwent Crematorium	Medium	Final	Reasonable
P2223-P81	Environment & Public Protection	Waste & Cleansing	Household Waste Recycling Centre	Medium	Draft	Reasonable
P2223-P5	Finance	Procurement & Payments	Purchasing Cards - Transactions	Medium	Draft	Unsatisfactory
P2223-P70	City Services	Transport	PTU Taxi Contracts (Follow-Up) 2021/22	High	Draft	Unsatisfactory
P2223-P53	Education Services	Grants	Education School Improvement Grant (SIG) 2021/22	Medium	Final	Unqualified
P2223-P54	Education Services	Grants	Pupil Development Grant (PDG) 2021/22	Medium	Final	Unqualified
P2223-P76	Environment & Public Protection	Public Protection	Scambusters Grant Claim 2021/22	Medium	Final	Unqualified
P2223-P84	Housing & Communities	HSG / Supporting People	Housing Support Grant (HSG)	Medium		Unqualified

## Appendix C

### Non Opinion work 2022/23 Q3

Job number	Service Area	Section or Team	Job Title
P2223-P1	Finance	Accountancy	New Financial System
P2223-P7	Finance	Accountancy	Annual Governance Statement
P2223-P8	Finance	General	National Fraud Initiative (NFI)
P2223-P9	Finance	General	Financial Advice
P2223-P18	People, Policy & Transformation	General	Financial Advice
P2223-P19	People, Policy & Transformation	General	Financial Regulations Training
P2223-P24	Law & Standards	General	Financial Advice
P2223-P32	Children Services	General	Financial Advice
P2223-P37	Adult Services	General	Financial Advice
P2223-P40	Prevention & Inclusion	General	Financial Advice
P2223-P45	Regen & Economic Development	General	Financial Advice
P2223-P64	Education Services	Schools	Control Risk Self-Assessments
P2223-P65	Education Services	General	Schools Financial Regulations Training / Cluster Meetings
P2223-P66	Education Services	General	Financial Advice
P2223-P72	City Services	General	Financial Advice
P2223-P82	Environment & Public Protection	General	Financial Advice
P2223-P87	Housing & Communities	General	Financial Advice

## Appendix D

### INTERNAL AUDIT SERVICES – OPINION DEFINITIONS

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

Unqualified	<p>The Financial Statement is free from material misstatement and presents fairly the activities of the organisation.</p> <p>The terms and conditions of the grant funding have been complied with.</p>
Qualified	<p>There is a lack of supporting information or documentation to verify that that figures quoted in the Financial Statement fairly represent the activities of the organisation.</p> <p>The terms and conditions of the grant funding have not been fully complied with.</p>

## Appendix E

### Extract from the Draft Internal Audit Report – Purchasing Cards (Transactions)

During 2021/22 (the test period) 19,845 transactions were processed using the Council's purchase cards totalling a net spend of £4.8m. The audit took a sample of 227 transactions, with a spend value of £893,889.

The overall Internal Audit opinion is an **Unsatisfactory** level of assurance.

As set out in the Memo and the Action Plan, the key issues identified were as follows:

- 1. Cardholders have failed to review transactions as per the Purchasing Card Policy*
- 2. Full, legible and detailed receipts were not held for all transactions made*
- 3. VAT had been incorrectly applied to a number of transactions. VAT was not always appropriately reclaimed or supported by a full VAT receipt*
- 4. A number of transactions had been made which were deemed by the Purchasing Card Policy as being 'prohibited'*
- 5. Purchases had been made which were deemed by the auditor to be an inappropriate use of public funds*
- 6. Transactions had not always been administered in line with the required financial accounting principles relating to pre-payments*
- 7. Purchases had been made by persons other than the designated cardholder*

## Appendix F

### CONFIDENTIAL

#### INTERNAL AUDIT SERVICES AUDIT EVALUATION QUESTIONNAIRE

#### AREA OF REVIEW:

<b>The Audit Review</b>	<b>Please tick as appropriate</b> <i>(Where answers given as 'Partially' or 'No' – please provide comments)</i>
Do you feel that the review was of benefit to your Service Area?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Did the review address the main “risk” areas within your Service Area?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Has the audit assisted on giving feedback on the effectiveness of your financial and administrative systems and procedures, and clarified the requirements of the Authority’s Financial Regulations, Contract Standing Orders and other policies and procedures endorsed by Newport City Council?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
<b>The Staff</b>	<b>Please tick as appropriate</b> <i>(Where answers given as 'Partially' or 'No' – please provide comments)</i>
Did you find the approach of the audit staff to be constructive, helpful?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
<b>The Audit Report</b>	<b>Please tick as appropriate</b> <i>(Where answers given as 'Partially' or 'No' – please provide comments)</i>
If you accepted the offer of a meeting to discuss the “draft” report, did you find this to be helpful / beneficial?  <i>If you did not accept the offer of a meeting and provided written comments please leave blank.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you feel that the report fairly represented the strengths and weaknesses of the areas that were reviewed?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Do you feel that your management comments and any action that you agreed were correctly reflected in the final report?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
<b>Report Format</b>	<b>Please tick as appropriate</b> <i>(Where answers given as 'Partially' or 'No' – please provide comments)</i>

Is the report format easy to follow? If no, please offer any comments below as to any area(s) you feel could be improved upon.	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
<i>Questionnaire</i>	<b>Please tick as appropriate</b> <i>(Where answers given as 'Partially' or 'No' – please provide comments)</i>
Do you feel that having the opportunity to comment via a questionnaire is beneficial / a useful part of the process?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Generally, overall, were you satisfied with the audit service that you received?	<input type="checkbox"/> Yes <input type="checkbox"/> Partially <input type="checkbox"/> No
Please comment below if there are any areas relating to the way the audit was conducted (i.e. notification, on site work, the report etc.), or areas not covered / discussed during this visit that you would like covered in any future visits. Please identify below any improvements you feel would benefit your service on future audits.	
<b>Comments:</b>	

*Thank you for taking the time to complete this questionnaire.*

**Name:**

**Date:**

**Position / Job Title:**

**Please return by email to:** [andrew.wathan@newport.gov.uk](mailto:andrew.wathan@newport.gov.uk)

**Andrew Wathan,  
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