

EDUCATION THROUGH REGIONAL WORKING (ERW)

Head of Internal Audit Annual Assurance Opinion 2018-19

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 assessment of the effectiveness of the system of internal control for ERW. 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 2018-19

- 2.1 The Internal Audit Plan for 2018-19 was a fully risk-based audit plan, which was agreed with the Acting Managing Director and the Section 151 Officer and approved by the Joint Committee on the 8 February 2019.
- 2.2 The Internal Audit Plan for 2018-19 consisted of the following:
- Follow-up of Previous Internal Audit Recommendations
 - Follow-up of the Annual Governance Statement 2017-18 Action Plan
 - Corporate Governance
 - Business Planning
 - Compliance with ESTYN Action Plan
 - Invoice Processing
 - Grant Schedules & Returns from Authorities
- 2.3 The Joint Committee at their meeting on 3 April 2019, requested an Internal Investigation into the authorisation, source, and terms and conditions of Leaders of Learning staff funding arrangements.

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 2018-19 (including the Internal Audit Review undertaken in April/May 2019), it is my opinion that overall, subject to variation between areas audited, that limited assurance (although improvement is noted since 2017-18) 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 Head of Internal Audit undertook a self-assessment of compliance with the Public Sector Internal Audit Standards. 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 Acting 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. Following engagement across the region, the Review and Reform Programme was approved by the Joint Committee in February 2019. This will assist to address some of the governance arrangements highlighted during 2017-18 and 2018-19 by Internal Audit.

Other areas identified within the Internal Audit review which should be considered for inclusion within the Annual Governance Statement:

- Review and update the ERW Legal Agreement and Service Level Agreements following completion of the Review & Reform Programme;
- Improving transparency: delegation arrangements should be clarified and formally approved by the Joint Committee. Delegated decisions should be recorded and published. Minutes of the Executive Board and the ERW Scrutiny Councillor Group should be published. Register of interest forms should be completed annually and made available to the Joint Committee;

- Improved scrutiny: introduction of an Annual ERW Impact Report to assess and evidence the impact of the Consortium's work and the value for money achieved. Regular performance monitoring via the Joint Committee to ensure that the Business Plan is delivering the expected outcomes and within the approved budget and grant conditions.
- Working practices need to be reviewed to ensure compliance with Data Protection legislation.