

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY 13 MARCH 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **INTERNAL AUDIT PROGRESS REPORT**

1.00 PURPOSE OF REPORT

1.01 To present to members an update on the progress of the internal audit department.

2.00 BACKGROUND

2.01 The status of all projects as at 1st February is shown in Appendix A. The Appendix shows the agreed timing for the individual projects where it is known, and the actual number of days spent on each project.

2.02 The details of the outcomes of all reports finalised since the last Audit Committee are shown in Appendix B.

2.03 Tracking results.
Appendix C gives a summary of all recommendations tracked since the last committee.

2.04 Performance Indicators for the department and for the responses to reports are given in Appendix D.

2.05 An overview of current Investigations is given in Appendix E.

3.00 CONSIDERATIONS

3.01 Audit Plan and Resources

As outlined at the last Audit Committee The department is currently undertaking a major investigation which has already taken up more than the total days allocated to investigations in the plan and has had an effect on planned audits. The investigation is ongoing, however it has now reached the stage where management time is needed rather than the time of the rest of the department.

As a result of the Audit Committee resolution at the September meeting that additional resources should be sought the plan has not been reduced. A number of audit projects scheduled to start in the first half of the year have been delayed. They have been rescheduled and will be prioritised to ensure that the end of year audit opinion can be reached.

- 3.02 Funding for the additional resources has been agreed by Cabinet. The resource has been sourced as a combination of short term contractors, agency staff and staff from RSM Tenon. The timing of the resources means that the plan as it now stands will be completed in April 2013. This is normal, as some work cannot be done until around or after the year end.
- 3.03 Appendix A shows that the majority of projects are now in hand. There are also fifteen reports in draft, awaiting management review or response from departments.
- 3.04 The audit plan needs to be of sufficient size so that the work completed means the Audit Manager is able to give an opinion at the year end on the adequacy and effectiveness of the system of control, corporate governance and risk management within the Council. The current actions have ensured that this remains the case.
- 3.05 Since the last committee meeting three projects have been deferred (Waste Management, School Funding Formula and Medium Term Financial Strategy) and one has been added to the plan (Taith). These are the normal type of amendments made during the year as circumstances change.

3.06 **Final Reports**

All reports finalised since the last committee meeting are shown in Appendix B. As noted above, there are a number of reports nearing completion, but only seven have been finalised since the last meeting. None of them had a red (limited) level of assurance.

- 3.07 Copies of all final reports are available for members if they wish to see them.

3.08 **Recommendation Tracking**

Appendix C shows the responses that have been received from recommendation tracking. As previously, many of the recommendations that were due to be implemented at this time have not actually been completed. The non-implemented recommendations will be tracked again at their new due date.

At the December meeting members asked that the report should include more detail on what had not been implemented including the area of risk, manager responsible, reason for non-implementation and whether this was acceptable. This will be introduced from the June meeting and will include the input of the relevant Director or Corporate Head.

- 3.09 In the meantime the results are reported below in the same way as at the December meeting – the responses have been followed up with management to identify whether there are any causes for concern, particularly those where the recommendations had not been implemented or had been carried forward for a long period.

For Procurement the update of Contract Procedure rules has been delayed due to delays in a national set of CPRs. These are now due. In addition issues with the use of the approved list, the rotation of suppliers and framework agreements will be dealt with by the introduction of e-sourcing by September 2013.

For Consultants (six recommendations not implemented) these also relate to the Contract Procedure Rules, which are currently being produced.

Replies have not been received for four reports within Finance. The Head of Finance recognises the importance of these audit findings and the need to respond. However, over recent weeks priority has needed to be given to work on the 2013/14 budget and capital programme, and the preparation for the introduction of the new Council Tax support scheme.

3.10 **Performance Indicators**

Appendix D shows the new range of performance indicators for the department. Those for the IA department have been affected by the need to catch up on the projects within the plan and the volume of reports being processed. These areas will continue to be under pressure for the coming quarter but will then improve.

The average number of days taken to return draft reports has improved but is still outside the target time.

3.11 **Audit Committee Training**

All members of the committee received induction training in June 2012. Subsequently they completed a self assessment against the CIPFA requirements, the results of which were brought to the committee in December 2012.

The results were intended to inform the provision of training for members. The Wales Audit Office identified in a report in June 2012 that training had not always taken place in the past. They recommended at that time that Internal Audit should 'review and analyse the self-assessment results to identify knowledge gaps and training needs to further develop the committee.'

The results in December 2012 did not show a consistent pattern to enable training to be arranged for all committee members. Instead, all members were contacted individually to ascertain if they felt they needed further training, or a repeat of some aspects of the induction training. No members have requested further training to date.

4.00 RECOMMENDATIONS

4.01 The committee is requested to consider the report.

5.00 FINANCIAL IMPLICATIONS

5.01 None as a direct result of this report.

6.00 ANTI POVERTY IMPACT

6.01 None as a direct result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None as a direct result of this report.

8.00 EQUALITIES IMPACT

8.01 None as a direct result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None as a direct result of this report.

10.00 CONSULTATION REQUIRED

10.01 None as a direct result of this report.

11.00 CONSULTATION UNDERTAKEN

11.01 None as a direct result of this report.

12.00 APPENDICES

- 12.01 A Operational Plan
- B Reports Issued
- C Recommendation Tracking
- D Performance Indicators
- E Investigations

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

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