

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 12 JUNE 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 in the 2012/13 plan as at 15th May is shown in Appendix A. The Appendix shows the actual number of days spent on each project.

2.02 The details of all audits added to the 2012/13 plan or deferred from it are given in Appendix B.

2.03 The status of all projects in the new 2013/14 plan as at 15th May is shown in Appendix C. The Appendix shows the agreed timing for the individual projects where it is known, and the actual number of days spent on each project.

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

2.05 Tracking results.
Appendix E gives a summary of all recommendations tracked since the last committee.

2.06 Performance Indicators for the department and for the responses to reports are given in Appendix F.

2.07 An overview of current Investigations is given in Appendix G.

3.00 **CONSIDERATIONS**

3.01 **Audit Plan and Resources**

As outlined in previous reports to the Audit Committee the department is still undertaking a major investigation which commenced in

2012/13. That investigation had an effect on the audit plan in 2012/13, but it has now reached the stage where management time is needed rather than the time of the rest of the department. Time has been allowed for it in the plan for 2013/14.

As a result of the Audit Committee resolution at the September meeting that additional resources should be sought the 2012/13 plan was not reduced. A number of audit projects scheduled to start in the first half of the year were delayed. They were rescheduled and prioritised to ensure that the end of year audit opinion could be reached.

- 3.02 Funding for the additional resources was agreed by Cabinet. The resource was sourced as a combination of short term contractors, agency staff and staff from RSM Tenon. The timing of the resources means that the plan has been substantially completed, but with some work after the year end and some reviews not yet finished. 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 completed to at least draft report stage. There are currently twenty 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. The annual audit opinion is given in the Annual Report, also reported to this committee.
- 3.05 Since the last committee meeting there have been no further changes to the plan. Overall changes for the year are shown in Appendix B. There were seven additional audits requested and completed during the year, with eight audits deferred. The deferrals were reviewed as part of the annual planning cycle, and entered into the 2013/14 plan, the 2014/15 plan, or deleted if no longer required. Two of them were deferred too late to be included in the 2013/14 plan, so have now been included as additions to that plan.
- 3.06 Appendix C shows that work has commenced on the audit plan for 2013/14, with some projects started and one completed to draft report stage.
- 3.07 **Final Reports**

All reports finalised since the last committee meeting are shown in Appendix D, nineteen in total. Two of them had a red (limited) level of assurance, Student Finance and Planning Appeals. Student Finance

deals with the assessment of students' eligibility for loans and grants. Planning Appeals was a delayed audit as a result of the investigation, and deals with the effectiveness of the appeals process. Details of the main findings are given in Appendix D.

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

3.09 **Recommendation Tracking**

Appendix E 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 are yet to be completed. The non-implemented recommendations will be tracked again at their new due date.

It is recognised that a more rigorous approach by departments to implementing planned recommendations and to tracking by Internal Audit is required. This has been agreed by the Corporate Management Team and is being actioned. In addition members have been seeking a similar change.

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. A system to compile and report this information has been developed and the first results will be reported to the September meeting and will include the input of the relevant Director or Corporate Head.

At the March meeting members asked for a summary of all outstanding recommendations. This was circulated in mid May and shows that there are currently over 100 recommendations that were not implemented by their original due date and are still in the process of being implemented.

3.10 In the meantime the results are reported below in the same way as at previous meetings.

For Procurement the update of Contract Procedure Rules (CPRs) has been delayed due to delays in agreement of a national set. Within Flintshire these have now been completed and the drafts circulated for comment. The proposed new set of CPRs will be brought to Audit Committee when finalised for consideration prior to reporting to Constitution Committee and Council for approval. 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.

For Section 106 Agreements Local Planning Guidance Notes are being prepared. Work programmes developed by the Planning Protocol Working Group are being shared with Town and Community Councils.

Replies have been received for all reports.

3.11 **Performance Indicators**

Appendix F shows the 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 now reached the target time.

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 2012/13
B Changes to the Operational Plan 2012/13
C Operational Plan 2013/14
D Reports Issued
E Recommendation Tracking
F Performance Indicators
G Investigations

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

Contact Officer: David Webster
Telephone: 01352 702248
Email: david.webster@flintshire.gov.uk