FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY 24 SEPTEMBER 2014**

REPORT BY: **INTERNAL AUDIT MANAGER**

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   Internal Audit gives a progress report to the Audit Committee every quarter as part of the normal reporting process. The report is divided into several parts as listed below.

2.02   The status of all projects in the 2014/15 plan as at 1st September 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.

2.03   Changes from the original plan for 2014/15 are outlined in Appendix B

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

2.05   Appendix D gives a summary of all recommendations tracked since the last committee. For recommendations not completed by the due date it also gives the view of the relevant Chief Officer on the acceptability of the reason for the delay and on the management of the risk that has arisen because of the delay.

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

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

3.00   CONSIDERATIONS

3.01   Audit Plan and Resources

As outlined at the last Audit Committee work on the completion of the

2013/14 operational plan and the commencement of the 2014/15 operational plan were affected by the need to recruit a replacement for a member of the team who left in March. His replacement started in July. Outstanding audits from the 2013/14 plan have now been included in the 2014/15 plan. In addition the plan has been re-ordered to correspond to the new management structure. Meetings have been held with each of the new Chief Officers and their teams to confirm that the plan is still valid. As a result of these meetings some changes have been made – audits added, deleted, or their timing changed. Some of the provision for management requests has been allocated. There are still some lower priority audits in the plan that may be deferred or deleted during the year if necessary, depending on resources.

Appendix A shows the updated plan for 2014/15, whilst Appendix B lists the changes from the original plan.

3.02   Further work is going ahead to increase the efficiency of the department. At the present time the department uses three different ICT systems as part of the audit process – legacy RSM Tenon software for working papers and some reports, an in-house system for recommendation tracking and another in-house system for time recording. None of them are linked. Other parts of the audit process are completed manually or through spreadsheets – strategic planning, scheduling, client feedback, and the production of some reports.

Integrated audit software which will cover each stage of the process is being purchased after a competitive tender exercise. It is intended that it will be in place this calendar year. The initial cost of the purchase has been covered by budget savings in 2013/14 and 2014/15. Costs will also be recovered through efficiencies in the department after it is introduced.

3.03   **Final Reports**

All reports finalised since the last committee meeting are shown in Appendix C. Details for the Payroll report are also given.

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

3.05   **Recommendation Tracking**

Appendix D shows the responses that have been received when tracking recommendations. Replies have been received for all reports. There were several recommendations outstanding from old reports, which had been left outstanding until the implementation of Single Status. These have now been cleared and are included in the table. Around half of the recommendations that were due to be implemented at this time have been completed. The non-implemented recommendations will be tracked again at their new due date.

The more rigorous approach to tracking the recommendations by Internal Audit has continued. For those that have not been implemented on time the relevant Chief Officer is required to confirm that the reason and the new date are both acceptable to them and to report on how the risk is being managed before the recommendation is implemented. This ensures that they are aware of non-implementation and that they are able to take responsibility for the risk. The views of the Chief Officers are also shown in Appendix D. The original implementation dates and the new implementation dates are shown, and there is a column to show the view of Internal Audit.

3.06 **Performance Indicators**

Appendix E shows the new range of performance indicators for the department following the changes to the way the department discusses audit findings and issues reports. The number of days taken for each stage of the process is not as planned, however the overall length of time from completion of the fieldwork to reports being finalised has reduced significantly to below 20 days and is below the target of 27 days. The previous target under the old system was up to 45 days, and the last statistics reported for that system showed that it took 44 days.

A number of large audits were finalised during the quarter and planned time was exceeded on some. This will be monitored more closely from now on. Only 43% of client satisfaction questionnaires were received. This may be due to the restructure taking place. The new audit software will include this automatically.

3.07 **Investigations**

Appendix F shows the status of current investigations into alleged fraud or irregularities. The table includes the start dates of the investigations.

3.08 **Whistleblowing Policy**

After approval at the Audit Committee in May the policy was also approved by the Constitution Committee in July. Group Leaders did not require it to be referred to County Council, so it has now been updated in the Constitution. The new policy has been highlighted on the Infonet, and a briefing issued to all Members as they could be contacted.

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   Changes to the Operational Plan
         C   Reports Issued
         D   Recommendation Tracking
         E   Performance Indicators
         F   Investigations

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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