

## AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 16 March 2016
<b>Report Subject</b>	Internal Audit Progress Report
<b>Cabinet Member</b>	Not Applicable
<b>Report Author</b>	Internal Audit Manager
<b>Type of Report</b>	Assurance

### EXECUTIVE SUMMARY

Internal Audit produces a progress report for the Audit Committee every quarter. This shows the position of the team against the plan, changes to the plan, final reports issued, action tracking, performance indicators and current investigations. This meets the requirements of the Public Sector Internal Audit Standards, and also enables the committee to fulfil the Terms of Reference with regards to Internal Audit.

The current report is attached.

### RECOMMENDATIONS

1	To consider and accept the report.
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### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT</b>
1.01	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.

1.02	<p>Appendix A shows progress against the plan for 2015/16. This is broadly in line with expectations, although it has been affected by the transition to the new audit software, resulting in some audits exceeding their budgeted time. The delays have become fewer in the latest quarter. In addition, more than 60 days have been spent in developing, implementing and rolling out the new software and the procedures around it, which is more than expected. The plan is subject to change. A few reviews have been deferred from the plan because of changing circumstances, these are shown in Appendix B.</p>
1.03	<p>All reports finalised since the last committee meeting are shown in Appendix C. Members previously asked about the work on strategic partnerships, an outstanding action in the Action Tracking report. A summary of the recent audit report is given in Appendix C. The assurance level was amber/green – key controls in place but some fine tuning required.</p> <p>Details of the two ‘red’ reviews are given – Direct Payments in Appendix C and E Teach in a supplementary report. The findings and recommendations in both of these reports are predominantly about value for money.</p> <p>Copies of all final reports are available for members if they wish to see them.</p>
1.04	<p>The integrated audit software is now being used for action tracking. All actions are now being tracked automatically, whereas under the previous manual system it was only possible to track the higher priority actions. The system allows Managers and Chief Officers to monitor their own teams’ outstanding actions and confirm they are being implemented.</p> <p>E mail alerts are generated by the system and sent to the responsible officer and their manager before the action is due. E mails are also sent to them and copied to Chief Officers if actions are not completed on time. Monthly reports will also be sent to Chief Officers informing them of outstanding actions for their teams.</p> <p>The system was rolled out from the 4<sup>th</sup> January 2016, including requiring all managers and Chief Officers to register. It included all actions from reports issued since April 2015, along with outstanding actions previously tracked. As such there was a large backlog of actions which should have been completed but which needed to be closed on the system.</p> <p>Appendix D shows the current situation. Of 215 actions entered into the system 110 have been cleared. Of the remaining 105, only 13 are currently overdue.</p>
1.05	<p>Appendix E shows the range of performance indicators for the department. This is still reflecting the introduction of the new software. Audits completed within planned time has improved greatly, but there was a problem with issuing reports on time. The statistics for the second quarter, July to September, were greatly affected by annual leave. There was some improvement in quarter three. The figures were affected by some major cross-directorate reviews. The targets need to be reviewed for the coming year.</p>
1.06	<p>Appendix F shows benchmarking undertaken by the Wales Chief Auditors Group. This is completed on a voluntary basis for mutual benefit. For 2014/15 nineteen Councils took part in the benchmarking, up from fifteen in</p>

	the previous year. The annual results for Flintshire compared to the averages are shown, along with the ranking position. The majority of these show Flintshire performing better than average and within the top half in terms of ranking.
1.07	Appendix G shows the status of current investigations into alleged fraud or irregularities. The table includes the start dates of the investigations.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None as a direct result of this report.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	None required.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	The work of Internal Audit provides assurance to the Council that adequate and effective controls are in place to mitigate risks.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A – Operational Plan 2015/16 Appendix B – Changes to the Operational Plan Appendix C – Final reports issued Appendix D – Action Tracking Appendix E – Performance Indicators Appendix F – WCAG Benchmarking Appendix G – Investigations

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	None.  <b>Contact Officer:</b> David Webster, Internal Audit Manager <b>Telephone:</b> 01352 702248 <b>E-mail:</b> david.webster@flintshire.gov.uk

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<b>Wales Audit Office:</b> works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies

in Wales understand how to improve outcomes.

**Corporate Governance:** the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.

**Wales Chief Auditors Group:** An informal meeting group of Chief Auditors to discuss items of mutual interest.

**Operational Plan:** the annual plan of work for the Internal Audit team.