

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 25 SEPTEMBER 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 2013/14 plan as at 1st September is shown in Appendix A. The Appendix shows the actual number of days spent on each project and the agreed timing for the individual projects where it is known.

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

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

2.04 Tracking results.
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 Director or Head of Corporate Service on the acceptability of the reason for the delay and on the management of the risk that has arisen because of the delay.

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

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

3.00 **CONSIDERATIONS**

3.01 **Audit Plan and Resources**

The department has been running with a vacancy against establishment since the summer of 2012. This continues and was allowed for in the audit plan for the current year. In addition, a part-

time member of the department has been seconded to a union post for the year. This is a post funded by FCC, but it has not yet been possible to engage somebody to backfill for that person. In addition that recruitment has not yet been agreed under the new vacancy management control procedure. If that situation continues it will have an impact on the audit plan for the year. Options are being explored to reduce the audit plan if necessary.

3.02 Appendix A shows that work has commenced on the audit plan for 2013/14, with several projects started and four completed to at least draft report stage.

3.03 Changes to the plan for the year are shown in Appendix B. Two audits have been carried forward from last year, and one audit added to the plan as a result of an investigation. So far this year, no audits have been deferred from the plan.

3.03 **Final Reports**

All reports finalised since the last committee meeting are shown in Appendix C, 20 in total. Two of them included high level recommendations and details of them are given. One deals with the implementation of recommendations made by the Lean team. Lean is now being incorporated into a wider organisational change framework. The other deals with the management of Corporate Grants. Details of the main findings are given in Appendix C.

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

3.05 **Recommendation Implementation**

Appendix D shows the responses that have been received when tracking recommendations. Replies have been received for all reports.

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.

As previously recognised and requested by the committee there is now a more rigorous approach in tracking the recommendations by Internal Audit. For those that have not been implemented on time the relevant Director or Corporate Head of Service is required to confirm that the reason and 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 Directors and Corporate Heads are also shown in Appendix D. Internal Audit still review the responses received to

ensure that the level of risk involved is being managed. The management comments and those of the Directors and Corporate Heads show that this is the case.

3.6 Internal Audit is working with the ICT department to develop an automated system for issuing reports and tracking recommendations, which will increase the administrative efficiency of the department, although it will not impact on the number of days needed to complete the audit plan. It will also enable Directors and Corporate Heads to monitor the implementation of recommendations in their areas.

3.7 **Performance Indicators**

Appendix E shows the range of performance indicators for the department. The PI for the issue of the draft reports continues to be affected by the need to catch up on the projects within last year's plan and the volume of reports being processed.

3.8 Along with the automated system the department is developing a different procedure for the production of reports designed to reduce the length of time from the completion of the audit work to the production of the final report. This will again increase the administrative efficiency of the department and will be introduced over the coming months.

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 2013/14
B Changes to the Operational Plan 2013/14
C Reports Issued
D Recommendation Implementation
E Performance Indicators
F Investigations

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

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