

AUDIT COMMITTEE

Date of Meeting	Monday, 26 September 2016
Report Subject	Internal Audit Progress Report
Cabinet Member	Not Applicable
Report Author	Internal Audit Manager
Type of Report	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

1.00	EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT
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>All reports finalised since the last committee meeting are shown in Appendix A. As the last meeting was only two months ago, which encompasses the summer, there are few finalised reports. Details of the 'red' review is given – Provider Payments. Service Area management will provide a verbal update during the meeting.</p> <p>Copies of all final reports are available for members if they wish to see them.</p>
1.03	<p>The automatic tracking of actions continues using the integrated audit software. All actions are tracked automatically and 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 are also sent to Chief Officers informing them of outstanding actions for their teams.</p> <p>The system was rolled out from the 4th 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 have been completed and closed on the system.</p> <p>Appendix B shows the current situation. Of 332 actions entered into the system 241 have been cleared. Of the remaining 91, none are currently overdue.</p>
1.04	<p>Appendix C shows the status of current investigations into alleged fraud or irregularities. The table includes the start dates of the investigations.</p>
1.05	<p>Appendix D shows the range of performance indicators for the department. These are similar to the previous quarter, with an improvement in the overall time taken to produce final reports.</p>
1.06	<p>Appendix E shows the current position with regards to the 2016/17 plan.</p>
1.07	<p>At the end of July the Internal Audit Manager gave notice of his intention to leave Flintshire, having obtained a position with another Council. He leaves in the middle of October. Options for his replacement are being considered, and in the meantime one of the Principal Auditors has been appointed as the Interim Internal Audit Manager. Her post is not being backfilled.</p> <p>In addition, a part-time (0.7 fte) Senior Auditor left the team at the beginning of August to take up a role within another department. A replacement is being sought and the recruitment process is progressing.</p>
1.08	<p>The combined effect has been that the original audit plan for 2016/17 cannot be achieved. A draft revised plan has been produced, which is shown in Appendix E. The changes have been agreed with the relevant Chief Officers. The plan is reduced, but is sufficient if completed to enable the Internal Audit Manager to arrive at a valid Internal Audit annual opinion on governance, risk management and the control framework of the Council</p>

	at the end of the financial year. This will be reported to the Audit Committee and feed into the preparation of the Annual Governance Statement.
1.09	If the recruitment is successful it may be possible to reinstate some of the deferred audits later in the year. If not, they will be considered as part of the planning process for 2017/18. The plan will continue to be reviewed throughout the rest of the year.

2.00	RESOURCE IMPLICATIONS
2.01	The Internal Audit team is currently below establishment, but recruitment is taking place.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Chief Officers consulted on changes to the plan.

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

5.00	APPENDICES
5.01	Appendix A – Final Reports issued Appendix B – Action Tracking Appendix C – Investigations Appendix D – Performance Indicators Appendix E – Operational Plan 2016/17 Appendix F – Changes to the Operational Plan

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

7.00	GLOSSARY OF TERMS
7.01	Wales Audit Office: 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.