

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **TUESDAY 25 SEPTEMBER 2012**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **ITEMS DEFERRED FROM THE AUDIT PLAN IN
2010/11 AND 2011/12**

1.00 PURPOSE OF REPORT

1.01 To inform the committee of items deferred from the audit plan over the last two years.

2.00 BACKGROUND

2.01 The Wales Audit Office report on Internal Audit presented at the Audit Committee meeting in June 2012 expressed concern over staffing levels and the resultant shortfall in audit days to deliver the agreed plan in the previous two years. This had led to several items being deferred from the audit plans in those two years, although the WAO acknowledged that the items deferred had not been forgotten.

2.02 The committee asked for a report on the deferred items giving their risk profile and the process going forward after they had been deferred.

3.00 CONSIDERATIONS

3.01 Annual plans are kept under review throughout the year, and it may become necessary to change them because of changed circumstances, resources or priorities, so that the plan uses the resources available effectively. When this happens it is the responsibility of the Audit Manager to review and change the plan. The amended plan is then presented to the Audit Committee who are responsible for approving, but not directing, the audit plan. They can offer suggestions at that point.

3.02 When there is a need to reduce the plan, some items are deferred – i.e. taken out of the current year's plan. The items chosen are those of the lowest risk using the professional judgement of the audit management team in consultation with Directorate management teams.

3.03 When the annual plan for the next year is being prepared a similar process takes place The audit management team prepare a list of

possible topics for each Directorate. These include any audits deferred from the current year. All the topics are discussed with Directorate management teams, who give their views, may add further areas or suggest that some possible reviews are no longer necessary. After those meetings the Audit Manager produces the plan based on professional judgement, with a mix of risk based, regulatory and advisory work. This is again presented to the Audit Committee for their approval, and any suggestions that they may have.

- 3.04 In the last two years it has been necessary to amend the plan in mid-year. In 2010/11 a revised plan was approved by the committee in December 2010. In 2011/12 a revised plan was prepared for the committee in December 2011 but deferred until the next meeting because of time constraints. It was approved by the committee in January 2012.
- 3.05 The relevant Strategic and Operational plans were approved by the committee in March 2011 for 2011/12 and in March 2012 for 2012/13.
- 3.06 An analysis of the deferred items for the last two years is given in Appendix A. It shows that 22 items were deferred from the plan in 2011/12 and 19 items in 2010/11.
- 3.07 The audits chosen for deferral were selected as described above and were those where there would not be an impact on the ability of the Audit Manager to give his annual opinion on the adequacy and effectiveness of the system of control, governance and risk management within the Council. The analysis shows that the type of audit deferred was predominantly Advisory work, with ten Risk Based audits deferred over the two years. Definitions are given in Appendix A.
- 3.08 The majority of the deferred audits were reinstated in the plan for the following years - 26 of the 41 audits over the two years. For the Risk Based audits, seven of the ten were reinstated in the following year. Of the three that were not, two of the risks that they were due to examine had been deleted from the Strategic Assessment of Risks and Challenges (SARC). The third was covered in another audit review. For the Advisory audits, 19 of the 31 were reinstated in the following year and 12 were not. As outlined above this was after consultation and using professional judgement as to their relative priority compared to other work.

4.00 RECOMMENDATIONS

- 4.01 The committee is requested to accept 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 Summary of audits deferred in the last two years.

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

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