

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **TUESDAY 25 SEPTEMBER 2012**

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 At the meeting in July the committee agreed to a new format for the standard report from Internal Audit. This is the first report in that new format, which can be further amended as required by members.
- 2.02 The status of all projects 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 The details of the outcomes of all reports finalised since the last Audit Committee are shown in Appendix B.
- 2.04 Tracking results.
Appendix C gives a summary of all recommendations tracked since the last committee.
- 2.05 Performance Indicators for the department and for the responses to reports are given in Appendix D.
- 2.06 An overview of current Investigations is given in Appendix E.

3.00 CONSIDERATIONS

3.01 **Audit Plan**

As outlined at the last Audit Committee the department is not at full strength following a recent recruitment exercise. In discussion with the Chief Executive and Head of Finance it was agreed to address this in year in two ways – to obtain additional temporary resource and to review the plan. The additional resource has been arranged and

Appendix A shows where revisions to the plan have taken place. In the main they consist of reducing the time allocated to consultancy projects.

3.02 The audit plan needs to be of sufficient size so that the work completed means the Audit Manager is able to give an opinion at the year end on the adequacy and effectiveness of the system of control, corporate governance and risk management within the Council. The current actions are aimed at ensuring that this remains the case.

3.03 Two projects have been deferred at the request of management. There have also been several requests for audits. These have been accommodated using some of the provision for requests.

3.04 The department is currently undertaking a major investigation which has already taken up more than half of the days allocated to investigations in the plan and has had an effect on planned audits. A number of reviews scheduled to start in July and August have been delayed, including:- Theatr Clwyd; Taxation; Payroll/Pensions; IT Procurement; Mobile Working; Pupil Referral Unit; and Vehicle Tracking. The investigation is ongoing and it is not yet known how much more resource will need to be used. This is being actively managed by a further review of the plan and of the need to buy in further temporary resource. It is intended to produce and implement a revised half year plan following this review. The updated plan will be brought to the Audit Committee for approval in December 2012. The content of the plan and the need to buy in staff will need to remain under review during the rest of the year.

3.05 **Final Reports**

All reports finalised since the last committee meeting are shown in Appendix B. The Appendix also includes details of the limited assurance reports issued in that time, as follows:

3.06 **Final Report - Performance Indicators**
The WAO undertook a review of National Performance Indicators in 2011. Where issues were identified we examined the controls in place to ensure that the PI's are reported correctly and made recommendations to improve those controls.

3.07 **Final Report - Financial Systems**
This was a review of the main accounting systems which is undertaken annually as part of our regulatory work. It included testing of key controls and of the systems, procedures and processes in operation. Five of the seven recommendations had been made in previous years. Of these, three are covered by the introduction of the new Debt Recovery Policy. The other two are administrative points that can recur over time.

3.08 **Final Report - Housing Benefits**
This was a review that is undertaken annually as part of our regulatory work. The department has undergone many changes since the last audit with all work processes being reviewed and visits from the Department of Work and Pensions Performance and Development Team having taken place. Although the overall assurance level is limited due to the number of recommendations, accuracy levels within the Department have significantly improved since the previous audit. As the department is still in the process of implementing change it is expected that the next review will reveal the full extent to which the changes have raised performance.

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

3.10 **Recommendation Tracking**

Appendix C shows the responses that have been received from recommendation tracking. Only 35% of recommendations that were due to be implemented at this time have actually been completed – which is in line with previous checks. The non-implemented recommendations will be tracked again at their new due date. It is intended to change the method of tracking. Previously tracking exercises have taken place every three months ready for the Audit Committee report. This has meant there is little time for analysis of the results. In the future it is intended to track recommendations as they fall due. That will give the opportunity to analyse the reasons for non-implementation and any areas for concern, which will then be included in future audit committee reports.

3.11 **Performance Indicators**

Appendix D shows the new range of performance indicators for the department. Most are green or amber.

The number of audits completed in budgeted time relates to the completion of substantial audits from last year's plan. This performance will be monitored and controlled more strongly in the coming year.

The average number of days taken to return draft reports has improved but is still outside the target time.

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 Reports Issued
C Recommendation Tracking
D Performance Indicators
E Investigations

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

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