

AUDIT COMMITTEE

Date of Meeting	Monday, 12 June 2017
Report Subject	Internal Audit Progress Report
Cabinet Member	Not Applicable
Report Author	Interim 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	All reports finalised since the last committee meeting are shown in Appendix A. The level of audit assurance for standard audit reviews is detailed within Appendix B. No reports have been issued during this quarter with a red / limited assurance opinion. Copies of all final reports are available for members if they wish to see them.

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 C shows the current situation. Of 504 actions entered into the system 420 have been cleared. Of the remaining live 86 actions, 14 are currently overdue. Appendix D provides the reasons for overdue actions, along with a note on how the risk is being managed before the action is complete.</p> <p>In accordance with the wishes of the Committee in September, Appendix E lists all actions with a revised due date of six months from the original due date is listed and a note on how the risk is being managed. For each revised due date entered onto the system, the officer is required to provide a reason to support this change.</p>
1.04	<p>Appendix F 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 G shows the range of performance indicators for the department. Within the last three quarters there has been an improvement in the number of audits completed within budget and for the few targets that did not improve they were green.</p> <p>There has been a decline in the time taken for departments to return draft reports however this is more a reflection of the detailed work undertaken and greater stakeholder involvement and shouldn't be seen negatively.</p> <p>A review of the Internal Audit PI's has been undertaken at the end of the financial year, two PI's have been changed to accurately reflect the time taken to complete key aspects of the audit process. These being:</p> <ul style="list-style-type: none"> • Average number of days from debrief meeting to the issue of draft report This target has been increased from 3 working days to 5 working days. This is to take into account the part time working arrangements in place within the Internal Audit Service. • Days for departments to return draft reports This target has been increased from 3 working days to 7 working days. This increase in target is more a reflection of the detailed work undertaken and greater stakeholder involvement and should not be seen

	negatively.
1.06	These targets will continue to be monitored through out the financial year.
1.07	Appendix H provides an update on audit reviews that are finalised, in progress or where changes have been made to the 2016/17 plan since the last Audit Committee meeting in March 2017.
1.08	Appendix I shows the current position with regards to the 2017/18 plan.

2.00	RESOURCE IMPLICATIONS
2.01	None as a direct result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

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	<p>Appendix A – Final Reports Issued Since March 2017</p> <p>Appendix B – Levels of Audit Assurance</p> <p>Appendix C – Action Tracking – Portfolio Statistics</p> <p>Appendix D – Actions Beyond Due Date</p> <p>Appendix E – Actions with Revised Due Date Six Months Beyond Original Due Date</p> <p>Appendix F – Investigation Update</p> <p>Appendix G – Performance Indicators</p> <p>Appendix H – Operational Plan 2016/17 (Carry Forward)</p> <p>Appendix I – Operational Plan 2017/18</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None.</p> <p>Contact Officer: Lisa Brownbill, Interim Internal Audit Manager</p> <p>Telephone: 01352 702231</p> <p>E-mail: Lisa.brownbill@flintshire.gov.uk</p>

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.