AUDIT COMMITTEE	

Date of Meeting	Wednesday, 27 September 2017
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.

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. Since June 2017, only one 'Red' or 'Limited' assurance review, Planning Enforcement has been issued. Details of the review are noted within Appendix C. Copies of all final reports are available for members if they

	wish to see them.
1.03	Appendix D – CRSA shows the results of the 2016/17 Control and Risk Self Assessment (CRSA) undertaken by schools. Every year schools are required to undertake a CRSA. A questionnaire is prepared by internal audit and sent to the schools, who complete it and return it. Schools are required to enter comments where applicable. The responses are analysed and the results are then used to target particular areas or topics for audit review. These reviews take place over a number of schools. This system enables audit to increase the level of assurance we can provide to the Chief Officer about the standards in schools, whilst at the same time minimising audit time in the schools by eliminating the need for traditional school visits.
1.04	Based on the results school audits were completed in six primary schools, two secondary schools and one special school, looking at absence management, asset management, data protection & FOI, income generation, insurance, petty cash and procurement. An overall report was prepared showing common areas of weakness.
1.05	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. 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. 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. Appendix E shows the current situation. Of 632 actions entered into the system 486 have been cleared. Of the remaining live 144 actions, 6 are currently overdue. Appendix F provides the reasons for overdue actions, along with a note on how the risk is being managed before the action is complete. In accordance with the wishes of the Committee in September 2016, Appendix G 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.
1.06	Appendix H shows the status of current investigations into alleged fraud or irregularities. The table includes the start dates of the investigations.
1.07	Appendix I shows the range of performance indicators for the department. Within the last two quarters there has been an improvement in the average number of days from end of fieldwork to debrief meetings and for the few

	targets that did not improve they were already green.
	There has been a decline in the audits completed within budget. This largely relates to audits completed from the previous year. There continues to be a decline against target 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 should not be seen negatively.
1.08	These targets will continue to be monitored throughout the financial year.
1.09	Appendix J provides an update on those audit reviews that being finalised for the 2016/17 plan.
1.10	Appendix K shows the current position of work undertaken against the 2017/18 plan.

1.11	Since April :
	• The Strategic Audit Plan has been kept under continuous review with regular meetings taking place with the Chief Executive, Chief Officers, their Senior Management Team.
	• Eleven new requests for additional work has been received and in most cases, work has been completed.
	• All high priority audits wll be undertaken at this stage during 2017/18.
	• Out of the 19 high priority audits:
	   – 11 are either in progress or fieldwork is complete
	   – 1 has been completed
	   – 7 are due to start quarter 3/4

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	Appendix A – Final Reports Issued Since March 2017 Appendix B – Levels of Audit Assurance Appendix C – Red / Limited Assurance Report Issued Appendix D – CRSA in schools Appendix E – Action Tracking – Portfolio Statistics Appendix F – Actions Beyond Due Date Appendix G – Actions with Revised Due Date Six Months Beyond Original

	Due Date
	Appendix H – Investigation Update
	Appendix I – Performance Indicators
	Appendix J – Operational Plan 2016/17 (Carry Forward)
	Appendix K – Operational Plan 2017/18

6.00	**LIST OF ACCESSIBLE BACKGROUND DOCUMENTS**
6.01	None.
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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.