

AUDIT COMMITTEE

Date of Meeting	Wednesday, 20 November 2019
Report Subject	Internal Audit Progress Report
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 progress 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	The level of audit assurance for standard audit reviews is detailed within Appendix A. All reports finalised since the last committee meeting are shown in Appendix B.
1.03	Appendix C provides an oversight to Audit Committee on the cumulative assurance throughout the year; however, it should be noted this will be fluid. A footnote has been included to list those reports issued with a Red / Amber Red assurance.

1.04	<p>Since the last Committee meeting in September, no Red / Limited assurance report has been issued. Appendix D shows those reports with an Amber Red / Some assurance given. Copies of all final reports are available for members if they wish to see them.</p>
1.05	<p>The automated tracking of actions is completed through the use of 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. In the event an action is not completed within the agreed date, an e-mail is also sent to the responsible officer, their manager and copied to Chief Officer for awareness. Monthly reports are also sent to Chief Officers informing them of outstanding actions for their teams. The monthly report to Chief Officers now identifies the date of the last update provided (if any) for each action. Each Chief Officer is requested to review this.</p> <p>Appendix E shows the current situation. Of 1145 actions entered into the system, 951 have been cleared and 194 remain live. There are 71 overdue actions to be reported, listed in Appendix F.</p> <p>Appendix G lists all actions with a revised due date of six months from the original due date 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> <p>To avoid repetition in the report, where an action is older than six months and overdue this action will be included within the Appendix F, Actions Overdue.</p>
1.06	<p>During the last meeting in September, the Committee raised concerns over the lack of progress made against the implementation of actions within two Portfolios. It was agreed that the Internal Audit Manager and the Chief Executive would meet both Chief Officers to discuss. Within para 1.07 and 1.08 provides an update from each Chief Officer in relation to the current status of their actions.</p>
1.07	<p>Streetscene & Transportation:</p> <p>The stores team in Alltami has been utilising a stock control system developed from the fleet stock control system, Tranman, previously operated by the Council's in-house fleet team. Prior to this and before the commencement of the Streetscene Service, stock had been managed through a paper based system.</p> <p>Following the outsourcing of fleet management in 2016, the level of support for the stock system reduced and there are now significant gaps in its functionality. Staff from the service are working with colleagues from ICT to identify and install a basic stock control system which will simplify stock issues and provide greater accountability and reporting functions.</p>

	<p>Whilst ICT clearly have a backlog of service demands from across all of the Portfolios, work has progressed with the project and a number of potential options have been identified. It is expected that the new system will be in place and operational by June 2020 and that it will include a simple barcode scanning system. Scanning both the stock item and the employees' identity card will provide improved accountability and an audit trail for all issued goods.</p> <p>In the interim period, the level of physical stock checks have been increased and a full inventory stock check is now carried out every 6 months, rather than annually.</p>
1.08	<p>Planning, Environment & Economy:</p> <p>The last two years have seen significant positive change within the enforcement team. Following the completion of the Development Management (DM) Team service re-structure, the Enforcement Officers are now embedded within the two area teams, under the management of a generic DM Team Leader (rather than working in an independent enforcement team). On-going enforcement cases are then reviewed on a regular basis with their Team Leader to ensure progress is maintained. Revised processes of recording, monitoring and closing enforcement complaints have been put in place. To provide confidence in the practices now in place, Planning Enforcement have asked Internal Audit to check a sample of delegated decisions.</p> <p>The Planning Enforcement Policy has been re-written, simplified and launched to all of our customers. Sessions have been held with Town and Community Councils to assist them in understanding its content. In addition, 53 County Councillors received training on the revised policy. It has had visibility at Cabinet and Environment Scrutiny Committee.</p> <p>We are beginning to see these changes produce positive performance improvements against Welsh Government indicators, in particular, the average time which it takes us to take positive performance action. In 2017/18, our average time to take positive action was 449 days. In 2018/19 this had reduced to 120 days. That puts us in the "fair" performance category as defined by WG. The "good" category is our aim, which seeks to take action with 100 days, or less.</p>
1.09	<p>Appendix H shows the status of current investigations into alleged fraud or irregularities. The table includes the start date of the investigations.</p>
1.10	<p>Appendix I shows the range of performance indicators for the department. There has been some movement in the stats this quarter.</p> <ul style="list-style-type: none"> • The average number of days to issue a final report has increased from 2 to 4 days. Whilst the increase in the number of days is minimal due to the performance indicators 20% tolerance the stat will always go from green to red. • The average number days from debrief meetings to the issue of draft report has reduced from last quarter; however, it is still over the target

	<p>figure. This relates to two reviews where there are specific reasons for the additional time it has taken to issue the draft.</p> <ul style="list-style-type: none">• The average number of days for departments to return draft reports. This relates to one audit where the report was needed to be presented to the Chief Officers Team for discussion and commitment to the agreed action. As a consequence, this also impacted on the total days from end of fieldwork to issue of final report performance indicator. <p>Productive time has improved from 67% to 83%. This exceeds the target of 75%.</p> <p>Feedback received on the client questionnaire has slightly decreased. This relates to one audit. This has been followed up with both the service and the auditor.</p> <p>At the last Committee meeting I highlighted the need to review the performance indicator to measure questionnaires returned by Portfolios. The performance indicator has now been changed to reporting cumulatively those questionnaires returned since the beginning of the financial year, excluding those where the target return date (two weeks from issue) has not been reached and the questionnaire has not been returned. Based on the revision of the performance indicator, 73% questionnaires have been returned compared to 40% (Qtr1), 0% (Qtr2) reported previously.</p>												
1.11	Appendix J shows the current position of work being finalised from the 2018/19 audit plan.												
1.12	<p>Appendix K shows the current position of the 2019/20 plan. The plan will continue to be reviewed with Chief Officers on a quarterly basis, reprioritised to accommodate any new requests for work, or to respond to emerging issues. Since the last committee in September, there has been two new request for additional work. This is:</p> <ul style="list-style-type: none">• Contract Management (additional work)• Planning Enforcement – Governance & Regulatory Procedures <p>Any new audits are highlighted in red within Appendix L.</p>												
1.13	<p>Since the last committee meeting there has been a need to review and reprioritise the audit plan to manage the reduction of available time due to a reduction in resources. The reasons for this:</p> <ul style="list-style-type: none">• The retirement of a Senior Auditor• The appointment of the Internal Audit Graduate Trainee to the position of Senior Auditor• Loss of the Graduate Trainee position <p>The changes made to the audit plan are detailed below:</p> <table><tr><th>Audit</th><th>Priority</th><th>Comments</th></tr><tr><td>Business Continuity</td><td>Medium</td><td>Defer until Qtr1 2020/21</td></tr><tr><td>Social Value</td><td>High</td><td>Defer until Qtr1 2020/21</td></tr><tr><td>Enforcement Agents</td><td>Medium</td><td>Defer until Qtr1 2020/21</td></tr></table>	Audit	Priority	Comments	Business Continuity	Medium	Defer until Qtr1 2020/21	Social Value	High	Defer until Qtr1 2020/21	Enforcement Agents	Medium	Defer until Qtr1 2020/21
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	Housing Rent Arrears	High	Defer until Qtr1 2020/21 once the outcome of the WAO audit is known.
	Main Accounting AP/P2P	Annual	Agreed by S151 Officer and WAO to next review in 2020/21
	Main Accounting AR	Annual	Agreed to S151 Officer and WAO to next review in 2020/21
	Method Statements	Advisory	Combine with Budget Challenge Audit
	Notification of Leavers	High	Combine with Payroll Audit
	Collaborative Work / Partnerships	Medium	Review Qtr1 when information is available to review
	Parc Adfer	High	Review Qtr1 due to delay in commissioning
	O Licence	Medium	Defer until 2020/21
	Aura – 7 days	SLA	Defer until 2020/21 at the request of the Client
	Project Apple	Advisory	Combine with the Payroll Audit
	Waste Management Service	Medium	Undertaken Qtr2 2020/21 due to Waste Consultation Review
	North Wales Residual Contract	High	Review Qtr1 due to delay in commissioning
	These audits are highlighted in Green within Appendix K.		
1.14	Since the review of the audit plan as detailed in 1.11, I have been informed that a Senior Auditor has been successful and appointed on a secondment to a new position within the Council for a period of 12 months. A further review of the last quarter of the plan will need to be undertaken and reported back to Audit Committee in January.		

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 Levels of Audit Assurance Appendix B Final Reports Issued Since September 2019 Appendix C Audit Assurance and Priority of Actions

Appendix D	Amber Red / Some Assurance Reports Issued since September 2019
Appendix E	Action Tracking – Portfolio Statistics
Appendix F	Over Due Actions (including actions older than 6 months if overdue)
Appendix G	Actions with Revised Due Date Six Months Beyond Original Due Date and Not Overdue
Appendix H	Investigation Update
Appendix I	Performance Indicators
Appendix J	Operational Plan 2018/19 (Carry Forward)
Appendix K	Operational Plan 2019/20

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Lisa Brownbill, 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	<p>Internal Audit:</p> <p>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.</p> <p>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.</p> <p>Operational Plan: the annual plan of work for the Internal Audit team.</p>