

## AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 21 November 2018
<b>Report Subject</b>	Internal Audit Progress Report
<b>Cabinet Member</b>	Not Applicable
<b>Report Author</b>	Internal Audit Manager
<b>Type of Report</b>	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

<b>1.00</b>	<b>EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT</b>
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	During the Audit Committee facilitation workshop it was agreed that a profile of the audit assurance and priority of actions would be included as part of the Internal Audit Progress report rather than waiting until the annual report.

	This will provide an oversight to Audit Committee on the cumulative assurance throughout the year, however it should be noted this will be fluid throughout the year. This profile is shown in Appendix C.
1.04	Since June 2018, one 'Red' or 'Limited' assurance opinion has been issued for General Data Protection Regulations (GDPR). Details of this review is noted within Appendix D. Copies of all final reports are available for members if they wish to see them.
1.05	At the request of the Committee Appendix E provides an overview of those audits reports issued with an Amber Red assurance opinion.
1.06	<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>Appendix F shows the current situation. Of 836 actions entered into the system 730 have been cleared and 106 remain live. There are 32 actions overdue actions to be reported, listed in Appendix G</p> <p>Appendix H 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 G, Actions Overdue.</p>
1.07	Appendix I shows the status of current investigations into alleged fraud or irregularities. The table includes the start dates of the investigations.
1.08	Appendix J shows the range of performance indicators for the department. Overall performance continues to meet the current targets set however there has been a slight reduction in the 'Audits Completed within Planned Time'. This will continue to be monitored.
1.09	Appendix K shows the current position of work being finalised from the 2017/18 plan.
1.10	Appendix L shows the current position of the 2018/19 plan.
1.11	On a quarterly basis the 2018/19 plan will be reviewed and reprioritised to accommodate new requests for work or to respond to emerging issues. Since April 2018 we have had 6 new requests for work, which are listed below and also shown in the Appendix L, highlighted in red.

	<ul style="list-style-type: none"> <li>• North Wales Residual Waste – CNIN Verification of Local Labour Figures</li> <li>• Review of Method Statements</li> <li>• Review of Pay Modelling Assumptions and Methodology</li> <li>• Carbon Reduction Scheme</li> <li>• Public Burials</li> <li>• Budget Workforce Group</li> </ul>
1.12	<p>Review of the annual plan (since it was submitted for approval in March 2018) and as reported to Audit Committee in June, has identified the need to reduce the number of audits. In total 10 audits have been deferred. None of the audits deferred were carried over from 2017/18 and only two were High Priority.</p> <p>These two audits relate to the review of any new Alternative Delivery Models (ADM's) and Community Asset Transfers (CATs) in the year. To date there have been no ADMs or CATs requiring Internal Audit's involvement. Appendix L clearly shows those audits deferred within the audit plan (highlighted in green). The plan has also been updated to align with the new operating model following the recent changes within the Chief Officers Team. Any further changes to the plan will be reported back to Audit Committee.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
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2.01	None as a direct result of this report.
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<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
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3.01	None required.
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<b>4.00</b>	<b>RISK MANAGEMENT</b>
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4.01	The work of Internal Audit provides assurance to the Council that adequate and effective controls are in place to mitigate risks.
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<b>5.00</b>	<b>APPENDICES</b>
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5.01	<p>Appendix A – Levels of Audit Assurance</p> <p>Appendix B – Final Reports Issued Since June 2018</p> <p>Appendix C – Audit Assurance and Priority of Actions</p> <p>Appendix D – Red / Limited Assurance Reports Issued</p> <p>Appendix E – Amber Red Assurance Reports Issued</p> <p>Appendix F – Action Tracking – Portfolio Statistics</p> <p>Appendix G – Over Due Actions (including actions older than 6 months if overdue)</p> <p>Appendix H – Actions with Revised Due Date Six Months Beyond Original Due Date and not overdue</p> <p>Appendix I – Investigation Update</p> <p>Appendix J – Performance Indicators</p>
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Appendix K – Operational Plan 2017/18 (Carry Forward) Appendix L – Operational Plan 2018/19
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<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>Minutes of the Corporate Governance Committee, Denbighshire – Joint Corporate Procurement Unit.  <a href="https://moderngov.denbighshire.gov.uk/mgAi.aspx?ID=13038&amp;LLL=0">https://moderngov.denbighshire.gov.uk/mgAi.aspx?ID=13038&amp;LLL=0</a></p> <p><b>Contact Officer:</b> Lisa Brownbill, Internal Audit Manager  <b>Telephone:</b> 01352 702231  <b>E-mail:</b> Lisa.brownbill@flintshire.gov.uk</p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Wales Audit Office:</b> 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><b>Corporate Governance:</b> 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><b>Wales Chief Auditors Group:</b> An informal meeting group of Chief Auditors to discuss items of mutual interest.</p> <p><b>Operational Plan:</b> the annual plan of work for the Internal Audit team.</p>