

AUDIT COMMITTEE

Date of Meeting	Wednesday, 18 November 2020
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 usual 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 reporting on progress to Committee in January due to the pandemic, there have been no Red / Limited assurance report 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, a follow up e-mail is 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 1,307 actions entered into the system, 1,123 have been implemented and 184 remain live. There are 129 actions overdue. You will see this is higher than previously report however services have needed to prioritise their response to the emergency of the pandemic.</p> <p>As agreed at the November 2019 Audit Committee, only those High or Medium priority actions will be reported to Committee, of which there are 76. These are listed in Appendix F. Appendix G lists those actions that are six months and older from the original due date and where valid reasons have not been provided on progress or how risks are being managed in the interim.</p>
1.06	<p>Appendix H shows the status of current investigations into alleged fraud or irregularities. The table includes the start date of the investigations.</p>
1.07	<p>Appendix I shows the range of performance indicators for the department. Due to the unprecedented nature of the pandemic it should be noted that performance has only been reported on work commenced from the audit plan approved in September.</p> <p>As you will see all performance currently meets our internal targets. There has been a slight reduction in the productive time and this is directly associated with staff absence due to sickness.</p>
1.08	<p>Appendix J shows the current position of work being finalised from the 2019/20 audit plan and Appendix K on the 2020/21 audit plan. The plan will continue to be reviewed on a regular basis and reprioritised to accommodate any new requests for work, or to respond to emerging issues. Since the last committee in September, there have been no new requests for additional work.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>Since the last report to Committee in January one of our Senior Auditors has been appointed on a secondment basis to the Principal Auditor vacancy for a period of two years on the condition they complete their professional qualification within this time period. This secondment is working well and the Principal Auditor is already half way through completing their qualification.</p> <p>It had been intended to take a similar approach to backfill the Senior Auditor vacancy however due to the pandemic this has not been possible. A business case has been submitted to the Vacancy Management panel to request that we go out to market via an agency and secure an appointment on a fixed term basis until May 2022. This has been approved and recruitment is due to commence.</p>

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 Levels of Audit Assurance</p> <p>Appendix B Final Reports Issued Since March 2020</p> <p>Appendix C Audit Assurance and Priority of Actions</p> <p>Appendix D Amber Red Assurance Provided</p> <p>Appendix E Action Tracking – Portfolio Statistics</p> <p>Appendix F High & Medium Overdue Actions (including actions older than 6 months if overdue)</p> <p>Appendix G Actions older than six months from original due date and not overdue</p> <p>Appendix H Investigation Update</p> <p>Appendix I Performance Indicators</p> <p>Appendix J Operational Plan 2019/20 (Carry Forward)</p> <p>Appendix K Operational Plan 2020/21</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
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6.01	<p>None</p> <p>Contact Officer: Lisa Brownbill, Internal Audit Manager Telephone: 01352 702231 E-mail: Lisa.brownbill@flintshire.gov.uk</p>
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7.00	GLOSSARY OF TERMS
7.01	<p>Internal Audit: Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</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>