

Report To: Corporate Governance Committee

Date of Meeting: 26 March 2014

Lead Member / Officer: Ivan Butler – Head of Internal Audit

Report Author: as above

Title: Internal Audit Progress Report

1. What is the report about?

This report updates the Committee on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

2. What is the reason for making this report?

To bring the Committee up to date regarding:

- delivery of our Assurance Plan for 2013/14 (Appendix 1)
- recent Internal Audit reports issued (Appendix 2)
- management's response to issues we have raised (Appendix 3)
- Internal Audit's performance (Appendix 4)

3. What are the Recommendations?

- Committee considers and comments on Internal Audit's progress and performance to date in 2013/14
- Committee considers and comments on recent Internal Audit reports issued and follow ups carried out

4. Report details

Delivery of the Internal Audit Assurance Plan 2013/14

- 4.1 Appendix 1 provides a breakdown of our work during 2013/14, compared to the Internal Audit Strategy. It includes assurance scores and number of issues raised for the completed reviews, definitions used to form our audit assurance and the ratings used to assess the risk-levels for issues raised.
- 4.2. Due to moving service, tendering for external contracts, IT problems with old laptops, implementing EDRMS and working on special investigations, we have been prioritising those projects deemed as 'Essential Assurance' over the last few weeks to ensure that they are completed to at least draft report stage by 31

March 2014. This means that some projects will be deferred until after 1 April 2014 and will form part of next year's assurance work.

Summary of Recent Internal Audit Reports

4.3. Our reports use colours for assurance ratings as follows:

Green	High Assurance	Risks and controls well managed
Yellow	Medium Assurance	Risks identified but are containable at service level
Amber	Low Assurance	Risks identified that require meeting with Director/Lead Member
Red	No Assurance	Significant risks identified that require member / officer case conference

4.4. Appendix 2 provides a summary of the final Internal Audit reports issued since my report in January 2014. Executive summary reports and action plans are also included for further information.

Management's response to issues raised by Internal Audit

4.5. Most of our Internal Audit reports identify risks and control weaknesses. We rate these as critical, major or moderate risk. Management agrees actions to address the risks, including responsibilities and timescales.

4.6. We report all instances where management fails to respond to our follow up work or where they exceed the agreed implementation date by more than three months. This Committee decides whether it needs to take further action, e.g. by calling the relevant people to its next meeting or asking for a written report to explain lack of progress.

4.7. Appendix 3 shows the follow up reviews completed since my last report to this Committee, including full details of the response to the Procurement of Construction Services follow up that the Committee previously requested.

Internal Audit Performance

4.8. Internal Audit measures its performance in two key areas:

- *Provision of 'Essential Assurance'* - These projects ensure that the Council delivers its S151 Officer obligations, is managing its main corporate risks and has robust arrangements in place for corporate governance and delivery of its corporate priorities.
- *'Customer Standards'* - A range of indicators to ensure that we deliver a good service to our customers.

4.9. Appendix 4 shows our performance to date for 2013/14. We are on target to deliver 100% of 'Essential Assurance' projects by 31 March 2014. We should achieve 100% on all 'Customer Standards' with two exceptions:

- For one project, we gave 8 working days' notice of a project commencement rather than the required 10 days.

- For one project, due to work pressures, we issued a draft report after 14 days rather than the agreed 10 days. I approved this delay rather than compromise the quality of the draft report.

5. How does the decision contribute to the Corporate Priorities?

The Internal Audit Service provides assurance and advice to all levels of management and elected members on the quality of operations within the Council. Its work focuses on governance, risk management, performance, efficiency and operational and financial control, all of which are essential to the achievement of corporate priorities. It also carries out projects to ensure that the Council is on target to deliver its corporate priorities and specific projects to improve service efficiency and modernisation.

6. What will it cost and how will it affect other services?

There are no specific cost or service implications arising from this report.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

This report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.

8. What consultations have been carried out with Scrutiny and others?

This is a progress report and does not require any consultations.

9. Chief Finance Officer Statement

There is no financial impact; therefore a statement is not required.

10. What risks are there and is there anything we can do to reduce them?

This is a progress report that shows good progress towards the end of the financial year, therefore there are no risks at this stage.

11. Power to make the Decision

There is no decision required for this report but there is a requirement under the local Government (Wales) Measure 2011 for the 'audit committee' to oversee the Council's internal audit arrangements.