

**Report To: Corporate Governance Committee**

**Date of Meeting: 11 July 2012**

**Report Author: Head of Internal Audit Services**

**Title: Internal Audit Progress Report**

---

**1. What is the report about?**

This report updates the Committee on the latest progress of the Internal Audit service 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 Members up to date regarding:

- delivery of our Operational Plan for 2012/13
- recent Internal Audit reports issued
- management’s response to issues we have raised
- Internal Audit’s performance

**3. What are the Recommendations?**

- Committee considers and comments on Internal Audit’s progress and performance to date in 2012/13
- Committee considers and comments on recent Internal Audit reports issued
- Committee considers the responses to our follow up work

**4. Internal Audit Progress**

***Delivery of the Internal Audit Strategy 2012/13***

4.1. Appendix 1 provides a breakdown of our work during 2012/13, compared to the agreed 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.

***Summary of Recent Internal Audit Reports***

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

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

4.3. Since my report in March 2012, we have issued the following reports.

Audit Report	Audit Opinion	Issues Raised			Comments
		Critical Risk (Red)	Major Risk (Amber)	Moderate Risk (Yellow)	
Programme & Project Management	N/A	0	0	2	Overview only, so no overall Assurance Opinion provided
Community Building Management - Rhyl Town Hall	Yellow	0	0	10	Action Plan followed up and is being implemented
Corporate Risk - Asset Portfolio	N/A	0	0	0	Overview only, so no overall Assurance Opinion provided
Highways & Infrastructure - Major Projects	Yellow	0	2	7	
Financial Systems Assurance Testing (IDEA) 2011-12	Green	0	0	0	
Welsh Government Breakfast Initiative Grant	Green	0	0	0	No formal report - Email confirmation to Welsh Government only
Financial Services - Phase 2 (Ruthin services)	Green	0	0	3	

#### ***Management's response to issues raised by Internal Audit***

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

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

4.6. There are currently no actions outstanding or exceeding the three-month deadline.

#### ***Internal Audit Performance – Key Measures***

***Measure - Review 100% of agreed S151 Assurance areas in Operational Audit Plan by 31 March 2013***

4.7. We complete most of our work in financial areas during the second half of the year, but so far have complete 20% of the planned projects.

***Measure - Review 100% of agreed Corporate Governance Assurance areas in Operational Audit Plan by 31 March 2013***

4.8. Work is in progress ongoing on the Corporate Governance Framework throughout the year. We will review risk management in the second half of the year.

**Measure** - Review 100% of agreed High Corporate Risk Assurance areas in Operational Audit Plan by 31 March 2013

4.9. There are currently six high risks in the Corporate Risk Register. We have completed work in one area and work is nearly complete in a second.

**Measure** - Head of Internal Audit to produce Annual Internal Audit Report by 31 May 2013

4.10. Not yet due

## Appendix 1

### Internal Audit Work 2012/13 – progress as at 24 June 2012

Internal Audit Operational Plan	Original Planned Days	Actual Days	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
<b>Financial Assurance</b>								
Financial Systems – Rhyl based	60	0	Not started					Provisionally planned for Jul/Aug 12
Financial Systems – Ruthin based	40	0	Not started					Provisionally planned for Jan 13
Financial Systems Assurance Testing (IDEA) 2011-12		20	Complete	<b>Green</b>	0	0	0	
Programme & Project Management	15	2	In progress					
Procurement	15	0	Not started					Planned for Aug 12
<b>Grant &amp; Other Certification Assurance</b>								
Sustainability/Climate Change	12	0	Not started					Planned for Jun/Jul 12
Welsh Government (WG) Education Grant Certification	25							
- Breakfast initiative Grant		4	Complete		0	0	0	
WG 6 <sup>th</sup> Form Funding – Ysgol Dinas Bran, Llangollen	10	1	In progress					
WG Student Finance Certification	15	1	Preparation					Planned for Jul 12
WG Adult Education Certification	8	4	In progress					
<b>Corporate Governance Assurance</b>								
Risk Management	20	0	Not started					
Corporate Governance Framework	30	4	In progress					
Performance Management	10	1	Prepared					Planned for Jul 12

Internal Audit Operational Plan	Original Planned Days	Actual Days	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
<b>High Corporate Risk Assurance</b>								
The risk of a serious safeguarding error where the Council has responsibility	10	12	In progress					
The risk that we are unable to develop the staff and management capability to deliver the change agenda	5	5	Complete		0	0	0	
The risk that the time and effort invested in collaboration is disproportionate to the benefits realised	15	0	Not started					
The risk that the economic environment worsens beyond current expectations, leading to additional demand on services and reduced income	5	0	Not started					Planned for Oct 12
The risk that strategic ICT infrastructure does not enable improvement and support change	10	0	Not started					Planned for Dec 12
The risk that our asset portfolio becomes an unmanageable liability and an obstacle to strategic planning	5	0	Not started					
<b>Risk-based Assurance in Services</b>								
<b>Adult Services</b>								
Intake & Reablement	10	0	Not started					
Learning Disabilities & POVA	15	0	Not started					
Direct Care Costs & Placements	15	0	Not started					Planned for Oct 12

Internal Audit Operational Plan	Original Planned Days	Actual Days	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
<b>Business Planning &amp; Performance</b>								
Equalities	15	0	Not started					
Information Governance	10	0	Not started					
<b>Children's Services</b>								
Children's Services general	35	0	Not started					
Lone Working Practices	0	5	Complete					2011/12 employee survey
<b>Customer &amp; Education Support</b>								
Cashiers Services	5	0	Not started					
Modernising Education	10	0	Not started					
<b>ICT</b>								
IT Service Desk, Incident & Problem Management	20	0	Not started					Planned for Feb 13
IT Service Continuity Management	2	0	In progress					
IT Operations Management	20	1	Preparation					Planned for Jul/Aug 12
IT Configuration	15	0	Not started					
IT Project Management	15	0	Not started					Planned for Sep 12
<b>Education</b>								
School Improvement	60	0	Not started					
Rhyl High School	15	0	Not started					Planned for Dec 12
St. Brigids School	10	0	In progress					
<b>Environment</b>								
Trade Refuse	25	6	In progress					
Sign Shop	20	0	Not started					
Countryside Services	25	0	Not started					
Public Realm	40	12	In progress					

Internal Audit Operational Plan	Original Planned Days	Actual Days	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
<b>Finance &amp; Assets</b>								
Travel & Subsistence	20	23	In progress					
Property Management	20	0	Not started					Planned for Aug 12
Revenues Customer Service	10	0	Not started					
<b>Highways&amp; Infrastructure</b>								
Passenger Transport	15	0	Not started					
Business Continuity Planning	2	0	In progress					
Traffic & Transportation	20	0	Not started					
Street Lighting	15	0	Not started					
Major Projects (2011/12 project)	0	2	Complete	Yellow	0	2	7	2011/12 Project
Home to School Transport	0	16	Draft report					Collaboration project with CCBC Internal Audit
<b>Housing &amp; Community Development</b>								
Housing Services	20	0	Not started					
Strategic Regeneration	25	1	Preparation					Planned for Sep 12
Housing Maintenance	0	13	In progress					2011/12 project
<b>Legal &amp; Democratic Services</b>								
Democratic Services	5	0	Not started					
<b>Communication, Marketing &amp; Leisure</b>								
Data Protection & FOI	20	17	In progress					
Archives Service	20	0	Not started					
Leisure Services	1	0	Not started					
Community Buildings - Rhyl Town Hall	0	6	Complete	Yellow	0	0	10	2011/12 project
Pavilion Theatre, Rhyl	0	20	In progress					2011/12 project

Internal Audit Operational Plan	Original Planned Days	Actual Days	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
<b>Planning &amp; Public Protection</b>								
Community Enforcement	30	0	Prepared					
Food & Health & Safety Enforcement	10	0	Not started					
Trading Standards	10	0	Not started					
<b>Strategic Human Resources</b>								
Corporate Health & Safety 12/13	15	0	Not started					
Strategic HR	0	13	Draft report					2011/12 project
Corporate Health & Safety 11/12	0	5	In progress					2011/12 project
<b>External Work</b>								
Countryside Council for Wales	165	45	In progress					Contract work
North Wales Police Authority	200	33	In progress					Contract work
School Fund Audits	30	10	In progress					On request
<b>Contingencies</b>								
Consultancy & Corporate Work	185	29	In progress					
Follow up reviews	40	7	In progress					
IA collaboration	50	1	In progress					
Frauds & Investigations	80							
-National Fraud Initiative 10/11		2	Complete					
-Purchasing Cards		2	Complete					
-Ysgol Clawdd Offa		6	Complete					
<b>Internal Audit Management &amp; Support</b>								
Management & Admin	350	83						
Training	70	17						
<b>Totals</b>	<b>2120</b>							



