

Report To: Corporate Governance Committee

Date of Meeting: 9 January 2013

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 Operational Plan 2012/13

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

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

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

Audit Report	Audit Opinion	Issues Raised			Comments
		Critical Risk (Red)	Major Risk (Amber)	Moderate Risk (Yellow)	
High inherent risk from Corporate Risk Register - DCC006	Green	0	0	0	The risk that the economic environment worsens beyond current expectations, leading to additional demand on services and reduced income.
Rhyl High School	Yellow	0	0	4	
IT Operations Management	Yellow	0	1	7	
Public Realm	Yellow	0	2	12	
Corporate Performance Management	Yellow	0	0	5	
Data Protection & Freedom of Information	Amber	0	4	3	Escalation meeting held with CEO & Lead Member to discuss action plan

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 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 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 or asking for a written report to explain lack of progress.
- 4.6. We are currently following up three Internal Audit reports where actions have not been completed within three months of the agreed implementation date. Although we have not yet issued the follow up reports, I am bringing these to the attention of this committee at an early stage. The three areas are:

- Strategic Human Resources
- Home to School Transport
- St. Brigid's School

Internal Audit Performance – Key Measures

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

4.7. So far, we have completed 40% of the planned projects, with others to be completed before 31 March 2013.

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

4.8. Work is on-going on the Corporate Governance Framework throughout the year. We have completed a project on Performance Management and will review risk management before 31 March 2013.

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 three areas. Work is in progress to complete reviews of the other risks by 31 March 2013