

Report To: Corporate Governance Committee

Date of Meeting: 27 February 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, in particular our follow up review of Strategic Human Resources (HR)
- 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 follow up report on Strategic HR and decides what further action and monitoring arrangements it requires on the outstanding improvement actions

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 January 2013, 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 - DCC04	Green	0	0	0	The risk that we are unable to develop the staff and management capability to deliver the change agenda.
High inherent risk from Corporate Risk Register - DCC09	Green	0	0	0	The risk that strategic ICT infrastructure does not enable improvement and support change.
Administration of the Trade Waste Service	Yellow	0	0	5	
Carbon Reduction Commitment	Yellow	0	0	4	
Fire Risk Assessments	Amber	0	2	1	Escalation Meeting with Corporate Director & Lead Member held 16 January 2013
Pavilion Theatre, Rhyl	Amber	3	2	8	Escalation Meeting with Corporate Director & Lead Member held 21 November 2012
Council Housing Responsive & Void Repairs	Red	2	9	8	Escalation Meeting with Lead Member held 5 February 2013

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 issued our follow up report on Strategic HR on 13 February 2013 (Appendix 2), still giving an Amber assurance rating due to the lack of progress in implementing the agreed action plan. The Action Plan raised

11 Issues/Risks that resulted in 45 specific actions with agreed responsibilities and actions. So far, only 17 actions have been fully implemented and revised implementation dates have been provided in many cases. Due to several actions being over 3 months overdue, the Head of Strategic HR has been asked to attend this Committee meeting to explain the lack of progress.

Internal Audit Performance – Key Measures

Measure - Review 100% of agreed S151 Assurance areas in Operational Audit Plan by 31 March 2013 (6 projects)

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 (3 projects)

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 High Inherent Risks from the Corporate Risk Register by 31 March 2013 (6 projects)

4.9. We have completed 83% of the planned projects, with work nearly completed in the remaining project.