

Report To: Corporate Governance Committee

Date of Meeting: 10 April 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. The information is at 17 March 2013 and the Committee will receive the final outturn position in the Internal Audit Annual Report at its next meeting.

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

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 February 2013, we have issued the following reports.

Audit Report	Audit Opinion	Issues Raised			Comments
		Critical Risk (Red)	Major Risk (Amber)	Moderate Risk (Yellow)	
Domiciliary Care Package Review	Yellow	0	0	3	None
Project Management - IT Related Projects	Yellow	0	1	4	None

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 currently have no issues to raise with the Committee.

Internal Audit Performance – Key Measures

Measure - Review 100% of agreed S151 Assurance areas in Operational Audit Plan by 31 March 2013 (3 projects)

4.7. We have completed our work on all three projects, with one draft report to be finalised.

Measure - Review 100% of agreed Corporate Governance Assurance areas in Operational Audit Plan by 31 March 2013 (4 projects)

4.8. We have completed three of the four projects (75%), with the draft report for our review of risk management imminent.

Measure - Review 100% of High Inherent Risks from the Corporate Risk Register by 31 March 2013 (6 risks)

4.9. We have completed work on all six risks.

Appendix 1

Internal Audit Work 2012/13 – progress as at 17 March 2013

Internal Audit Operational Plan	Revised Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Financial Assurance								
Financial Systems – Rhyl based	40	38	Complete	Green	0	0	4	
Financial Systems – Ruthin based	30	42	Draft report					Revised scope to 40 days to include purchasing cards
Financial Systems Assurance Testing (IDEA) 2011-12	20	20	Complete	Green	0	0	0	
Sub-totals	90	100						
Grant & Other Certification Assurance								
Sustainability/Climate Change	20	27	Complete	Yellow	0	0	4	
Welsh Government (WG) Education Grant Certification	20							
- Breakfast initiative Grant		4	Complete	Green	0	0	0	
- Thinking & Assessment for Learning Grant		11	In progress					
WG 6 th Form Funding – Ysgol Dinas Bran, Llangollen	12	12	Complete	Green	0	0	2	
WG Student Finance Certification	6	6	Complete	Green	0	0	1	
WG Adult Education Certification	9	9	Complete	Green	0	0	0	
Sub-totals	67	69						

Internal Audit Operational Plan	Revised Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Corporate Governance Assurance								
Risk Management	20	13	In progress					Draft report imminent
Corporate Governance Framework	30	20	In progress					Draft Annual Governance Statement produced
Corporate Performance Management	10	11	Complete	Yellow	0	0	5	
Equalities	15	8	Complete					Staff awareness survey only
Sub-totals	75	52						
High Corporate Risk Assurance								
The risk of a serious safeguarding error where the Council has responsibility	15	14	Complete					No report issued. Process review in taxi licensing.
The risk that we are unable to develop the staff and management capability to deliver the change agenda	5	4	Complete	Green	0	0	0	
The risk that the time and effort invested in collaboration is disproportionate to the benefits realised	15	9	Draft report					
The risk that the economic environment worsens beyond current expectations, leading to additional demand on services and reduced income	5	3	Complete	Green	0	0	0	
The risk that strategic ICT infrastructure does not enable improvement and support change	10	2	Complete	Green	0	0	0	

Internal Audit Operational Plan	Revised Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
The risk that our asset portfolio becomes an unmanageable liability and an obstacle to strategic planning	4	4	Complete	Green	0	0	0	
Sub-totals	54	36						
Adult Services								
Direct Care Costs & Placements	15	19	Complete	Yellow	0	0	3	
Efficiency of Charging Processes	20	14	In progress					
Sub-totals	35	33						
Children's Services								
Out of County Placements	10	0	Cancelled					Agreed with Head of Service that review not needed as risk reduced
Fostering Service	15	2	Preparation					Will commence and be carried forward into 2013/14
Youth Offending Team	12	0	Cancelled					Cancelled as partnership arrangement to be audited by CCBC
Lone Working Practices	5	5	Complete					Staff survey only
Sub-totals	42	7						
Customers & Education Support								
Cashiers Services	5	1	Complete					New software project team
Modernising Education	10	2	In progress					
Sub-totals	15	3						

Internal Audit Operational Plan	Revised Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Education Services								
School Improvement	30							
- School Balances		5	Complete					Report for Performance Scrutiny Committee
- Travel costs		11	Complete					No report issued. Head of Service request for analysis.
Ysgol Clawdd Offa, Prestatyn		16	Draft report					
Rhyl High School	15	15	Complete	Yellow	0	0	4	
Sub-totals	45	47						
Environment								
Trade Refuse	26	27	Complete	Yellow	0	0	5	
Sign Shop	20	0	Cancelled					Review cancelled as risk level reconsidered as low
Countryside Services	25	1	Preparation					Will commence and be carried forward into 2013/14
Public Realm	45	43	Complete	Yellow	0	2	12	
Corporate Health & Safety - Fire Risk Assessments	10	12	Complete	Amber	0	2	1	
Sub-totals	126	83						
Finance & Property								
Travel & Subsistence	25	25	Complete					
Procurement & Property Management	35	1	Preparation					Project developed to span 2012/13 & 2013/14
Sub-totals	60	26						

Internal Audit Operational Plan	Revised Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Highways & Infrastructure								
Business Continuity Planning	2	2	Complete	Amber	0	1	0	
Winter Maintenance	20	24	Draft report					
Flood Risk Management	10	0	Not started					Await outcome of consultant report
Major Projects	2	2	Complete					Completion of 2011/12 project
Home to School Transport	21	21	Complete	Yellow	1	2	10	
Sub-totals	55	49						
Housing & Community Development								
Housing Services	20	21	In progress					
Strategic Regeneration	25	5	In progress					On-going project monitoring
Housing Maintenance	21	21	Complete	Red	2	9	8	
Sub-totals	66	47						
Legal & Democratic Services								
Democratic Services	3	0	Cancelled					Work on Whistleblowing & Anti-Fraud policies being completed within the service
Translation Service	11	11	Complete	Yellow	0	1	1	Project arising from Service Challenge
Sub-totals	14	11						
Communication, Marketing & Leisure								
Leisure Services	1	0	Not started					Risk reduced - no work necessary

Internal Audit Operational Plan	Revised Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Community Buildings - Rhyl Town Hall	6	6	Complete	Yellow	0	0	10	
Pavilion Theatre, Rhyl	47	47	Complete	Amber	3	2	8	
Leisure Centres	1	0	Cancelled					Risk reduced - no work necessary
Integrated Children's Centres	15	24	Draft report					
Sub-totals	70	77						
Planning & Public Protection								
Contingency for input to Public Protection service reorganisation	10	0	As requested					Agreed with Head of Service to programme in IA Strategy 2013/14
Sub-totals	10	0						
Strategic Human Resources								
Strategic HR	19	19	Complete	Amber	0	1	10	
Sub-totals	19	19						
ICT & Business Transformation								
IT Service Desk, Incident & Problem Management	20	0	Postponed					Will commence April 2013 due to pressures in ICT service
IT Service Continuity Management	1	1	Complete					
IT Operations Management	22	21	Complete	Yellow	0	1	7	
IT Project Management	20	22	Complete	Yellow	0	1	4	
Sub-totals	63	44						
Corporate Areas of Work								
Data Protection & FOI	35	34	Complete	Amber	0	4	3	

Internal Audit Operational Plan	Revised Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Relief, Casual & Agency Staff	15	21	In progress					Further detailed work in IA Strategy 2013/14
Consultant payments	10	18	In progress					
Programme & Project Management	15	9	Complete					On-going monitoring of key projects
Sub-totals	75	82						
External Contract Work								
Countryside Council for Wales	165	193	In progress					Additional work requested on investigation
North Wales Police Authority	210	183	In progress					
School Fund Audits	35	47	In progress					
Sub-totals	410	423						
Other Areas of Work & Contingencies								
Consultancy & Corporate Work	140	122	In progress					
Follow up reviews	50	51	Complete					
IA collaboration	20	14	In progress					
Frauds & Investigations	50	13						
-National Fraud Initiative		12	In progress					
-Purchasing Cards		2	Complete					
-Ysgol Clawdd Offa		8	Complete					
Corporate Priorities & Efficiencies Work	25	22	Complete					
Sub-totals	285	244						

Internal Audit Operational Plan	Revised Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
IA Support								
Management & Admin	380	377						
Training	90	157						
Sub-totals	470	534						
Grand Totals	2146	1986						