



## RESOURCES DIRECTORATE INTERNAL AUDIT SECTION

### Internal Audit Progress Report (as at 31<sup>st</sup> August 2016)

<b><u>CONTENT</u></b>	<b>1</b>
<b><u>INTRODUCTION</u></b>	<b>2</b>
Internal Audit Section Resources	2
Continuing Professional Development	2
<b><u>SUMMARY OF WORK PERFORMED</u></b>	<b>2</b>
Audit Team	2
Investigation Team	3
Risk & Governance	4
<b><u>AUDIT PERFORMANCE AND ADDED VALUE</u></b>	<b>4</b>
Added value	4
Benchmarking	4
Performance Information	5
Processes	5
<b>Appendix A - Reports Issued in Quarter 1</b>	<b>6 - 7</b>
<b>Appendix B - Executive Summary</b>	<b>8 - 9</b>
<b>Appendix C - Key Facts</b>	<b>10</b>



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# INTERNAL AUDIT PROGRESS REPORT

## INTRODUCTION

### Internal Audit Section Resources

As in quarter 1, the section has been reporting directly to the Head of Finance. In line with the provisions of the Public Sector Internal Audit Standards (1100), organisational independence is maintained as the Head of Finance reports functionally to the Audit Committee for all audit-related matters. In all other respects the Head of Finance reports to the Corporate Director, Resources.

In addition, in order to enhance the profile of risk management, the responsibility for championing it across the Council has been allocated to the Operational Manager for Information Governance. This provides a clear line of demarcation between risk assurance and risk management. The role of Audit in supporting Risk Management across the Council has not diminished and the results of this work to the end of August 2016 can be found in the body of this report. The new designation for the Head of Internal Audit is Audit Manager.

### Continuing Professional Development

All PP&DR reviews in relation to performance during 2015/16 were concluded by the end of May 2016. New objectives for 2016/17 were discussed with the members of the Section, and based on the Audit Service Delivery Plan (as set out in the Strategy) and the Council's Behavioural Competency Framework. This was completed by the end of June 2016 in accordance with the timetable set by the Chief Executive.

## SUMMARY OF WORK PERFORMED

### Audit team

The Audit Strategy for 2016/17 set the scene for audit coverage for the year and the planned assignments have been set up in the audit planning, monitoring and control database. Priority in quarter 1 was given to any audits planned for 2015/16 but not completed during that year.

All auditors have been allocated three months' work each quarter with an expectation their assignments will be effectively managed and delivered within that time scale. This approach focuses on outcomes and is improving performance and timeliness of reporting.

This progress report concentrates on audit work undertaken and some key performance indicators to date. A full Plan versus Actual position will be provided at the full half year stage (to the November meeting of the Audit Committee) with any recommendations to changes to planned coverage.

Key information this quarter is shown in **Appendix A**, which shows a list of audits reported for the period April until the end of August 2016 (time of writing this report). This includes assignments carried forward from 2015/16 which were prioritised accordingly in this year's Plan.

The Head of Finance meets regularly with the Chief Executive to discuss audit matters and, in particular, provide information on the audits with limited assurance opinions. There have been a number of such reports since the last report to Audit Committee, namely:

- (a) Payments to Care Leavers;
- (b) Danescourt Primary School;
- (c) Riverbank Special School; and
- (d) St. Alban's Primary School.

The report in respect of Riverbank Special School received a "no assurance" opinion, and the executive summary is attached as **Appendix B**.

#### Investigation Team

Following the introduction of the new Disciplinary Policy which went live on 1<sup>st</sup> April 2016, the Group Auditor (Investigations) continues to deliver the mandatory investigating officer training. This year, 12 sessions have been run with 98 attendees, all of whom were either satisfied or very satisfied with their training. Training will be delivered throughout the year.

Preparations continue for the next round of the Cabinet Office's, National Fraud Initiative, data matching exercise in readiness to upload data during quarter 3. The exercise helps detect and prevent fraud and overpayments from the public purse across the UK.

Numerous fraud referrals have been received and investigations undertaken; full details relating to the half year will be reported to Audit Committee in November.

## Risk and Governance

A great deal of work has been undertaken this quarter on the Corporate Risk Register and the Annual Governance Statement (AGS). The latter included meeting with Directors to discuss their Assurance Statements and summarising these for relevant input to the AGS. The CRR and Assurance Statements summary was reported to Senior Management Team in May 2016. The CRR was reported to Audit Committee in June and Cabinet in July. The Draft AGS was reported to Committee in June as part of the Draft Statement of Accounts.

The CRR has been reviewed by the Senior Management Team and has taken on some recommendations made by the Risk Champions Group. This group is made up of representatives from directorates and offers a valuable connection between Senior Management Team, lead risk officers and directorates with the aim of building in a more strategic and future gazing CRR.

The AGS has been reviewed by Senior Management Team which in itself informed the Chief Executive preparing his own Assurance Statement. This is the first time this has been completed and is a positive step going forward. The work carried out by governance officers has been significant in terms of framing the debate and the position is evolving to a point where senior managers now need to take primary accountability and responsibility for governance by performing self reviews which then can be reviewed independently for assurance. This strengthens the overall assurance by individuals making themselves personally accountable for governance matters.

## **AUDIT PERFORMANCE AND ADDED VALUE**

### Added value

Meetings have been arranged with every Director, in line with our Relationship Manager initiative, and diarised for quarterly meetings throughout 2016/17. These are useful in progressing matters relating to audits completed and planned and for discussing directorate risks, issues and areas for potential audit input.

### Benchmarking

The Audit team is a member of the Welsh Chief Auditors, Core Cities and CIPFA benchmarking groups and has recently submitted statistics to all groups for 2015/16. Some comparative data has been received during the summer period; it is in the process of being analysed and more information will be provided to Audit Committee in the half year progress report.

## Performance Information

**Appendix C** sets out some key facts for the section for quarters 1 and 2 (to 31<sup>st</sup> August 2016).

## Processes

Internal Audit has continued to develop its use of SharePoint, the Council's Electronic Document & Record Management System.