

**CITY OF CARDIFF COUNCIL  
CYNGOR DINAS CAERDYDD**

**AUDIT COMMITTEE: 22 March 2016**

---

**EXECUTIVE SUMMARY REPORT, QUARTER 4, 2015-16**

**REPORT OF CORPORATE DIRECTOR - RESOURCES**

**AGENDA ITEM: 8.1**

---

**Appendix A of this report are not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972**

**Reason for Report**

1. The Audit Committee's Terms of Reference requires that Members consider reports from the Audit & Risk Manager on Internal Audit's findings during the year.
2. Full details of audit work undertaken during quarter 4 will be reported as part of the Annual Internal Audit report for 2015-16, which will be presented to the first meeting of the Audit Committee in the new financial year (June), as it needs to reflect the full year findings and opinions.
3. This report serves to provide an interim position relating to any audits of particular concern to members where there has been a "Limited" or "No" Assurance audit opinion and to provide assurance that these are monitored and regularly acted upon, seeking to enhance the internal control environment.

**Background**

4. For each audit undertaken and reported, the auditor provides an overall audit opinion. This reflects on the scope and original objectives set at the outset of the audit and provides an overview of audit findings in context. This opinion is based on both positive aspects of the audit, where there is evidence to show benchmarking controls are in place and followed, and negative aspects, where there are gaps in control and non compliance with Council rules or best practice processes.
5. All final reports are issued to the appropriate Director or Chair of Governors, with associated managers copied in, and with the covering email making clear the audit opinion. Those with "Limited" or "No" Assurance are highlighted. Audit Management attend Governing Body meetings when a Limited Assurance audit report is being considered.
6. For all audits where there is a "Limited" or "No" Assurance opinion, an Executive Summary report is produced and sent with the final report.

7. Each Executive Summary is provided to the Section 151 Officer who updates Informal Cabinet and the Audit & Risk Manager provides copies and discusses each with the Chief Executive.
8. Should the opinion be “No” Assurance or relate to a follow up audit, where the opinion remains “Limited” or “No” Assurance, this is reported immediately to the Audit Committee.
9. All follow up audits are undertaken after 6 months to seek assurance remedial action has been taken. A key factor in this assessment will be the extent to which previously agreed recommendations have been implemented.
10. A tracker system has been introduced to record all audits with “Limited” or “No” Assurance opinions, updated to show any actions taken in relation to these audits.

### **Issues**

11. The updated tracker is shown at Appendix A, which provides an update in relation to all such audits.
12. This highlights that there was only one final report issued this quarter with “Limited” Assurance i.e. Land Charges. The Executive summary has been issued to the Director who has welcomed the report and accepted all the recommendations. This Executive summary will be shared with the Corporate Director –Section 151 Officer and the Chief Executive prior to meeting with them.
13. The tracker also identifies some draft reports completed and issued where it is considered likely these will be “Limited” Assurance. Of particular note are two, relating to Stores at Brindley Road and Payroll overpayments which are both follow up reports and thus there is concern over the limited progress made to improve controls. If agreed as “limited” once finalised, the Executive summaries for these will be reported direct to Audit Committee as per agreed protocol.

### **Legal Implications**

14. There are no legal implications arising from this proposal.

### **Financial Implications**

15. There are no financial implications arising from this proposal.

### **Recommendations**

16. Audit Committee note the content of this report.

**Derek King**  
**Audit & Risk Manager**  
March 2016

The following Appendix is attached:  
**Appendix A: Tracker**