

Audit Committee – 15 April 2019

Internal Audit Progress Report 2018/19

Summary of the Report

The purpose of this report is to update the Audit Committee on Internal Audit's progress on the 2018/19 audit plan (attached).

Background Papers

Internal Audit reports/monitoring information.

Recommendations

Audit Committee are recommended to note the contents of this report.

Resource and Legal Considerations

The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and require councils to undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

Governance Issues

The Audit Committee's activities include ensuring that an effective internal control environment is maintained and regular and ongoing scrutiny of internal audit work undertaken. The report supports the Audit Committee in exercising that role.

Citizen Impact

Internal Audit work is intended to ensure that effective systems of internal control are in place. This protects the council and its officers and provides an assurance to stakeholders and citizens regarding the security of council's operations.

Performance and Risk Management Issues

Part of Internal Audit's role is to provide assurance in the council's performance and risk management arrangements. Internal Audit's programme of work is risk assessed to ensure areas most at risk are examined as a priority. Regular updates are provided to Audit Committee on progress against the approved Internal Audit Plan for 2018/19.

The Internal Audit contract is subject to key performance indicators (KPI's) including achievement of the audit plan and formal quarterly meetings are held between the S151 Officer, Head of Finance and senior representatives at Mazars to monitor performance of the contract.

KPI performance as at 31st December 2018 (quarter 3) is detailed below and is broadly in line with the targets. Quarter 4 performance will be reported at the next meeting.

Standard	Target	Actual at 31/12/18
Achieve the Annual Audit Plan	100% audits in the annual plan to be completed to draft report stage within 15 working days of the 31 March of each year.	N/A - End of Year Measure
Produce annual report which includes an overall assurance opinion for the Council for the year.	To be produced and issued to the S151 Officer within 15 working days from 31 March each year.	N/A - End of Year Measure
Annual review and report on the effectiveness of the risk management strategy and its application with comments and recommendations for changes.	To be produced and issued to the S151 Officer in accordance with the Audit Committee Work Programme & Timetable.	Updated RMS presented to Audit Committee in January 2019
Annual risk management report which provides assurance that the system of risk management and identification is suitable and sufficient for the purposes of the Annual Governance Statement.	To be produced and issued to the S151 Officer in accordance with the Audit Committee Work Programme & Timetable.	N/A - End of Year Measure
Effective completion of audit work.	100% draft reports, which include relevant recommendations, are issued within 6 weeks of the commencement of work.	34/38 89% Exceptions: Purchasing Cards, Licensing, Corporate Review of Agency Staff and Transition to Education Health & Care Plans
Achieve performance of quarterly audit work plan	100% expected audits in the quarterly plan to be completed to draft report stage within 15 working days of last day of quarter.	36/38 95% Exceptions: Catering Contracts and Corporate Review of Agency Staff
Produce quarterly progress report in accordance with the specification.	To be produced and issued to the S151 Officer within 15 working days of the end of each quarter.	Met for Quarters 1, 2 & 3
Produce a quarterly risk management update report	To be produced and issued to the S151 Officer within 15 working days of the end of each quarter.	Strategic Risk Register presented to CMT and Audit Committee. Risk sessions across the Council ongoing. Review due in April.

Standard	Target	Actual at 31/12/18
Quarterly review of Strategic Risk Register (SRR) and report for Corporate Management Team and Audit Committee	To be produced and issued to the S151 Officer within 15 working days of the end of each quarter.	Strategic Risk Register presented to CMT and Audit Committee. Update went to Audit Committee January 14 2019

The following table sets out the Performance Standards against which the success of the contract is measured. Performance has been maintained in most areas.

Standard	Target	Actual at 31/12/18
Notification of planned audits to Secondary Clients. (Not surprise visits).	Secondary Clients to be notified of the start date of each audit (100%) at least 15 working days in advance.	49/49 100%
Issue audit brief.	100% of audit briefs to be submitted to the Secondary Client for comment and approval at least 10 days prior to commencement date of each audit.	46/46 100%
Conduct exit meetings.	100% to be carried out with Secondary client or their representative within 5 days of the completion of all audit work at a pre arranged time, as specified in the audit brief.	39/39 100%
Produce draft report, which reflects the agreed brief.	100% to be produced and issued by the date set out in the terms of reference and within 10 working days of the exit meeting.	30/38 79% Exceptions: New Leaf PRU, Shepwell School, Growth Fund, Treasury Management, Rushall Primary, Castle School, Millfield Primary, Transition to Education Health & Care Plans
Produce final report.	100% to be produced and issued with 5 working days of receipt of management response to draft report.	27/27 100%
Complete National Fraud Initiative (NFI) data matching exercise.	Ensure that all data matches are reviewed and investigated on an annual basis in accordance with the timetables provided.	2018/19 matches due at end of January 2019.
Counter fraud work	To maintain and update counter fraud policies, the counter fraud toolkit, training and other counter fraud work as agreed in advance with the S151 Officer.	Work programme commenced and will continue into 2019/20.
Follow up on all high priority actions	Reports produced in accordance with timetables set out in the Specification.	Ongoing and progress reported to each Audit Committee.
Specialist IT / risk audits	Quarterly report detailing percentage of time of qualified or specialist staff utilised in delivery of the audit and risk work undertaken during the quarter	Completed as part of monitoring information.

Standard	Target	Actual at 31/12/18
Respond to unsatisfactory client satisfaction questionnaires/CMT feedback	To be provided to the S151 Officer within 10 working days	N/A.
Attendance at planned meetings with both the S151 Officer and external audit as detailed throughout this specification.	Meetings attended by Contract Manager	Ongoing.
Attend the Audit Committee meetings in accordance with the Audit Committee Work Programme and Timetable	Meetings attended by Partner or Director or Contract Manager	Ongoing.
Provision of audit helpline	Summary of advice provided, to be submitted to S151 Officer prior to discussion at quarterly meetings.	Completed as part of monitoring information.
Provision confidential reporting hotline answer phone facility.	Summary of calls received and action taken to be submitted to S151 Officer prior to discussion at quarterly meetings.	None received.
Quality control system	Copy to be provided to S151 Officer on an annual basis	Provided.
Compliance with the PSIAS via external accreditation	To provide evidence of the external accreditation	External Assessment completed in 2016 and results shared with S151 Officer.
Provide training for Council Officers, Project Managers and Members in the principles and practices of Risk Management	Provision of training as agreed by the S151 Officer	Member training before Audit Committee - July, September and January.
Audit and Risk Training Programme	To provide a copy to the S151 Officer on an annual basis	Recently updated as part of strategy review in December.

Equality Implications

Internal Audit has full regard to equalities both within the internal audit service and in the services / activities under review.

Consultation

The annual work plan 2018/19 was consulted upon before its final endorsement by executive directors, senior managers, the S151 Officer and Audit Committee.

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