

## Report of the Chief Auditor

Audit Committee – 27 March 2014

### INTERNAL AUDIT ANNUAL PLAN 2013/14 MONITORING REPORT FOR THE PERIOD 1 OCTOBER 2013 TO 31 DECEMBER 2013

<b>Purpose:</b>	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 <sup>st</sup> October 2013 to 31 <sup>st</sup> December 2013.
<b>Policy Framework:</b>	None
<b>Reason for Decision:</b>	To allow the Audit Committee to discuss and monitor progress against the Internal Audit Annual Plan 2013/14
<b>Consultation:</b>	Legal, Finance, Access to Services.
<b>Recommendation(s):</b>	It is recommended that: the Committee review and discuss the work of the Internal Audit Section and note the contents of this report
<b>Report Author:</b>	Paul Beynon
<b>Finance Officer:</b>	Paul Beynon
<b>Legal Officer:</b>	Sharon Heys
<b>Access to Services Officer:</b>	Sherill Hopkins

#### 1. Introduction

- 1.1 The Internal Audit Annual Plan 2013/14 was approved by the Audit Committee on 18<sup>th</sup> April 2013 and quarterly monitoring reports have been presented throughout the year to allow Committee to review and comment upon the progress of the Internal Audit Section in achieving the Annual Plan.
- 1.2 This report shows the audits which were finalised in the period 1<sup>st</sup> December 2013 to 31<sup>st</sup> December 2013.

## 2. Audits Finalised 1<sup>st</sup> October 2013 to 31<sup>st</sup> December 2013

2.1 A total of 97 days were lost in Quarter 3 due to vacancies. The vacant Audit Assistant post was filled on a permanent basis on 19<sup>th</sup> November 2013 but a Senior Auditor post remained vacant throughout the quarter as the post holder was covering the vacant Group Auditor post. The impact of the vacancies throughout the year is covered later in this report.

2.2 A total of 23 audits were finalised during Quarter 3. The audits finalised are listed in Appendix 1 which also shows the level of assurance given at the end of the audit and the number of recommendations made and agreed.

2.3 An analysis of the audits finalised during the 3<sup>rd</sup> quarter is shown in the following table

<b>Assurance Level</b>	High	Substantial	Moderate	Limited
Number	3	16	3	1

2.4 A total of 217 audit recommendations were made and management agreed to implement 216 recommendations i.e. 99.5% against a target of 98%.

2.5 Appendix 2 shows brief details of the significant issues which led to the 4 audits being considered to be 'moderate' or 'limited'. There were other less significant findings also included in the final audit reports issued to management.

2.6 A Management Action Plan has been agreed for the audits which received a 'moderate' or 'limited' level of assurance. The Plan includes a series of recommendations to address the issues arising from each audit. A follow up audit will be arranged within 6 months of the final report being issued to confirm that the agreed recommendations have been implemented.

2.7 In addition, the Internal Audit Section also certified the following grants as required by the terms and conditions of the grant issued by the Welsh Government.

<b>Grant</b>	<b>Amount £</b>
School Uniform Grant 2011/12 & 2012/13	120,066
Community Focused Schools – Childcare Allocation 2012/13	164,712

2.8 In each case, it was found that the grant had been spent in accordance with the terms and conditions of the grant although in both cases

recommendations were made to improve control over the grants in future years.

- 2.9 The Audit Committee has expressed concern when previous quarterly monitoring reports have highlighted the loss of Internal Audit resources due to vacant posts and special investigations. At the meeting in November 2013, an indication of the audits which would have to be deferred as a result of the loss of resources was requested.
- 2.10 To the end of December 2013, a total of 321 days had been lost due to vacancies while the amount of time spent on special investigations exceeded the time allowed in the Annual Internal Audit Plan by 34 days. The combined impact of the vacant posts and special investigations is a loss of 355 days in the first 3 quarters of 2013/14.
- 2.11 The level of vacancies has to be viewed in the light of the significant funding difficulties facing the Council and, in particular, the stated policy of the Council to minimise any risk of compulsory redundancies. The management of vacancies and timing of appointments is crucial in this respect. Given the current and projected funding position of the Council going forward, it is essential that audit resource is focused in the most effective way – this will involve future recommendations to this Committee in terms of the range and frequency of some audits that are currently undertaken. Any changes arising from that will be discussed and agreed with our external auditors.
- 2.12 The Annual Plan has been reviewed to balance the resources available for the remainder of the year against priorities and a list of the audits which will have to be deferred until 2014/15 is attached in Appendix 3
- 2.13 The audits deferred will be prioritised in the 2014/15 Annual Plan which will mean that a similar number of audits due next year are likely to be deferred until 2015/16, again based on a risk assessment of priorities.

### **3. Follow Ups Completed 1<sup>st</sup> October 2013 to 31<sup>st</sup> December 2013**

- 3.1 A follow up of the Streetworks audit which had received a 'moderate' level of assurance was completed during Quarter 3 and it was found that all recommendations had been implemented or were in hand.
- 3.2 The Recommendations Tracker exercise to review the implementation of recommendations made following the fundamental audits for 2012/13 was also undertaken during Quarter 3 and the results of this exercise was reported to the last meeting of the Audit Committee.

### **4 Equality and Engagement Implications**

- 4.1 There are no equality and engagement implications associated with this report

**5. Financial Implications**

5.1 There are no financial implications associated with this report.

**6. Legal Implications**

6.1 There are no legal implications associated with this report.

**Background Papers:** Internal Audit Plan 2013/14

**Appendices:** Appendix 1 Internal Audit – Monitoring Report Quarter 2 2013/14  
Appendix 2 Moderate / Limited – Significant Issues  
Appendix 3 Internal Audit Plan 2013/14 – Audits Deferred