

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

31 JANUARY 2013

SUBJECT:	INTERNAL AUDIT UPDATE
WARD/S AFFECTED:	ALL
REPORT OF:	CHIEF INTERNAL AUDITOR
KEY DECISION ?	NO

1.0 EXECUTIVE SUMMARY

1.1 This report identifies and evaluates the performance of the Internal Audit Section and includes details of any issues arising from the actual work undertaken during the period 1 November 2012 to 31 December 2013. There are four items of note concerning audit work undertaken that are brought to the attention of the Members for this period and these are identified in order of risk at Section 2.2.

2.0 BACKGROUND AND AUDIT OUTPUT

2.1. Internal Audit recently introduced a more effective reporting mechanism for Members of the Audit and Risk Management Committee that summarises audit work completed and identifies issues raised on a more timely monthly basis. This report supports the revised arrangements by focussing on the following:

- Any items of note arising from audit work conducted,
- Any issues arising that require actions to be taken by Members,
- Performance information relating to the Internal Audit Service,
- Developments being undertaken to improve the effectiveness of the Internal Audit Service.

The information contained within this report is for the period 1 November 2012 to 31 December 2013.

2.2. Items of Note

2.2.a Adult Social Services: Appointeeships

An audit was undertaken in the period to review the adequacy of the controls in the management of income from welfare benefits on behalf of people who use adult social services. The review concentrated on the more complex cases managed by the Adult Social Services Department, Financial Protection Team (as opposed to the more routine cases handled by the Personal Finance Unit, Finance Department). The review resulted in an audit opinion of one star, as four high priority, and seven medium priority recommendations were generated. The implementation of many of the recommendations will be in parallel with those resulting from the audit of the Court of Protection system (also managed by the Financial Protection Team)

– particularly those relating to the documentation and standardisation of procedures. As with the Court of Protection audit, the response of the Department has been very positive, and indications are that the recommendations will be implemented within the agreed timescale. The results of the forthcoming follow-up audit work will be reported to this Committee.

2.2.b. CYPD: Leaving Care

An audit was undertaken in the period to review the adequacy of the controls in the management of the leaving care process for looked-after children. This service encompasses the payment of First Home Grants to young people leaving the care system, and provides advice and support to care leavers in their transition to adult independence.

The audit generated an audit opinion of one star, as two high and two medium priority recommendations were made. One of the high priority recommendations in particular, relating to compliance with legislation, could be particularly significant in its impact, and we have advised the department that a decision should be taken as a matter of urgency, so as to ensure that this risk is mitigated. The results of the forthcoming follow-up audit work, scheduled for March 2013, will be reported to this Committee.

2.2.c Adult Social Services Personal Budgets

Work is currently ongoing to determine progress made by the department to implement actions agreed following the audit of Personal Budgets. Members will recall that an update was provided to this Committee in November 2012 by the Chief Officer for the department following some concerns raised by Internal Audit.

2.2.d Information Governance

The Information Assurance Policy, referred to in the November 2012 Internal Audit Update report is scheduled to be presented to Cabinet early in the new year. We are advised that progress on implementing the audit recommendations relating to Information Assurance and Governance will take place following this. We will continue to monitor the situation and report the findings and any actions required to this Committee.

2.2.e Adult Social Services: Bad Debts

A project is ongoing to review the situation in respect of uncollected income in the Department of Adult Social Services. A multi-disciplinary team has been configured to look at a range of issues, including evaluation of a range of recovery, legal and write-off actions; and an Internal Audit review of the processes for charging, collection and recovery of uncollected income. The Internal Audit element of the review is expected to result in a range of recommendations suggesting how the income processes can be improved so as to limit the Department's exposure to non-collection. An interim Internal

Audit report is being prepared for the end of January, detailing emerging findings of this element of the work.

2.3 Internal Audit Performance Indicators

2.3.a The Service constantly evaluates and measures the effectiveness of its performance in terms of both quality and productivity by means of a number of performance indicators in key areas as identified below. These include delivery of the annual Internal Audit Plan and ensuring that all of the audits identified in the plan are completed on schedule. This is particularly important at the present time as the requirement for Internal Audit involvement in a number of important corporate initiatives has increased dramatically.

IA Performance Indicator	Target (%)	Actual (%)
Delivery of Internal Audit Plan.	62	60
Percentage of High priority recommendations agreed with clients.	100	100
Percentage of returned client survey forms indicating satisfaction with the Internal Audit service.	80	95
Internal audit reports issued within 10 days of the completion of fieldwork.	100	93

2.3.b There are currently no issues arising.

2.4 Internal Audit Developments

2.4.a Good progress is being made to deliver the Internal Audit Improvement Plan which is designed to drive a number of developments and initiatives aimed at increasing the overall efficiency and effectiveness of systems of internal audit across the Council.

2.4.b Actions undertaken to date include:

- Implementation of a revised audit report format incorporating opinions on systems, compliance and organisational impact.
- Introduction of Letter of Engagement for all audits
- Development of a Training and Development Program for audit staff
- Developed reporting arrangements for Chief Officers and Members
- Ongoing development of a three year audit plan
- Improved engagement with Chief Officers and managers
- Enhanced escalation procedures for audit issues identified
- Improved reporting arrangements for ARMC members

2.4.c The first UK Public Sector Internal Audit Standards come into force in April 2013 and all local authorities will be required to implement the new standards from April and report on compliance with these by June 2014. Internal Audit plan to undertake a self assessment exercise against the standards over the coming months and report the findings and any required actions to this Committee in June 2013.

2.4.d Discussions have recently taken place with the Chair of this Committee regarding proposals for the delivery of the Internal Audit service and further talks are scheduled as requested by Members at the previous meeting of this Committee.

3.0 RELEVANT RISKS

3.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.

3.2 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

4.0 OTHER OPTIONS CONSIDERED

4.1 No other options considered.

5.0 CONSULTATION

5.1 Members of this Committee are consulted throughout the process of delivering the Internal Audit Plan and the content of this regular routine report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There are none arising from this report.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising from this report.

12.0 RECOMMENDATIONS

12.1 That the report be noted.

13.0 REASON FOR RECOMMENDATION

13.1 To provide the Members with assurance that the Council is taking appropriate measures to comply with statutory requirements to provide an adequate and effective internal audit service.

13.2 To ensure that risks to the Council are managed effectively.

13.3 To ensure that the Council complies with best practice guidance identified in the CIPFA publication 'A Toolkit for Local Authority Audit Committees'.

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APPENDICES

Internal Audit Improvement Plan

REFERENCE MATERIAL

Internal Audit Plan 2012/13

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	Routine report presented to all meetings of this Committee.