

# WIRRAL COUNCIL

## AUDIT AND RISK MANAGEMENT COMMITTEE

8 JUNE 2015

<b>SUBJECT:</b>	<b>INTERNAL AUDIT UPDATE</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>CHIEF INTERNAL AUDITOR</b>
<b>KEY DECISION ?</b> <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	<b>NO</b>

### 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<sup>st</sup> March to 20<sup>th</sup> May 2015. There are two items of note concerning audit work undertaken that are brought to the attention of the Members for this period and this is identified at Section 2.2.

### 2.0 BACKGROUND AND AUDIT OUTPUT

2.1. Internal Audit operate an effective reporting mechanism for Members of the Audit and Risk Management Committee that summarises audit work completed and identifies issues raised on timely bi-monthly basis. This report supports these 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 March to 20 May 2015.

#### 2.2. Items of Note

##### 2.2.a Attendance Management

Following a request from the Head of HR an audit review of the Council's arrangements for Attendance Management covering all departments and including utilisation of the Selfserve system was undertaken during the period. The purpose of the audit was to assist the Head of HR in achieving a corporate objective to improve overall absence management in line with the Annual Governance Statement. The findings identified some areas for improvement regarding the accuracy and completeness of attendance data

maintained across the Council and four recommendations were identified in the audit report. A good response has been received from senior managements and actions have been agreed to improve the current arrangements within an agreed timescale. Further audit work is scheduled including detailed testing of the arrangements during the second quarter of 2015/16 and Members will be advised of the outcome of this piece of work in due course.

#### 2.2.b Schools

Follow up audit work completed at all those schools audited during 2014/15 identified that all of the agreed actions to improve systems in operation have been fully implemented.

### 2.3 Outstanding Audit Recommendations

2.3.a Attached at Appendix 1 is a table identifying information relating to those audits where recommended actions included in audit reports for the 2015/16 year to date have not currently been implemented.

2.3.b Where items are addressed by officers those entries will be removed from the report on a rolling basis. At the request of Members the date of the original audit as well as the date of the follow up audit has now been included in the table where relevant.

2.3.c All of the reports identifying outstanding actions are RAG rated as 'amber' indicating that progress is being made to address identified issues.

### 2.4 Internal Audit Performance Indicators

2.4.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
Percentage delivery of Internal Audit Plan 2014/15.	6	6
Percentage of High priority recommendations agreed with clients.	100	100
Percentage of returned client survey forms indicating satisfaction with the Internal Audit service. (Numbers returned indicated in brackets)	90	100 (7)

Percentage of internal audit reports issued within 10 days of the completion of fieldwork.	100	97
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2.4.b There are currently no issues arising.

## 2.5 Internal Audit Developments

### 2.5.a Continuous Improvement

This is important to the overall efficiency and effectiveness of the Internal Audit Service and as such the Internal Audit Improvement Plan has been revisited and updated to incorporate the findings from the self assessment exercise recently undertaken to evaluate the service against the new Public Sector Internal Audit Standards. A separate update on this was presented to the Committee at a previous meeting and further updates will continue to be provided as progress is made.

Some of the actions currently ongoing include

- Pilot report, including new organisation risk impact opinion,
- Enhanced quality assurance programme,
- Collaborative counter fraud exercises across Mersey region,
- Counter fraud awareness,
- Developing and improving reporting arrangements,
- Further development of the Mersey region Counter Fraud group led by Wirral Internal Audit,
- Implementation of actions arising from the new Public Sector Internal Audit Standards self-assessment exercise.

## 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 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**

Appendix 1: Audit Recommendations Status Report

## **REFERENCE MATERIAL**

Internal Audit Plan 2015/16

## **SUBJECT HISTORY (last 3 years)**

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