

AUDIT COMMITTEE – 15TH OCTOBER 2019

**SUBJECT: PROPOSED REPORTING PROTOCOL IN RESPECT OF COMPLETED
AUDIT REVIEWS AND RECOMMENDATION TRACKING**

REPORT BY: INTERNAL AUDIT MANAGER

1. PURPOSE OF REPORT

- 1.1 To present the Audit Committee with an amended process that will better allow the Committee to support the work of internal audit services and focus on the higher risk issues that need to be addressed.

2. SUMMARY

- 2.1 At its meeting on the 16th October 2018 the Audit Committee endorsed a new protocol in respect of the reporting of completed audit reviews. However, the introduction of the protocol has identified some operational issues that require fine tuning to ensure that the intended outcomes from the auditing process are achieved and Audit Committee time is focussed on the right areas.
- 2.2 The timing of invitations to Heads of Service/Headteachers to attend the Audit Committee must allow time for the agreed action plan to run its course and for an audit follow up assessment to be made.
- 2.3 A rolling monitoring report will develop which will aid the Audit Committee focus on those service areas that most need attention.

3. RECOMMENDATIONS

- 3.1 The Audit Committee agree the revised protocol as set out in this report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 Internal Audit Services has always had a facility, via the Section 151 Officer, to request officers /Heads of Service to attend the Audit Committee to answer questions or provide explanations. The threat of having to attend Audit Committee has generally over the years been enough to achieve satisfactory outcomes. However this revised process is intended to bring several strands of audit reporting together to address a number of recommendations made by the external auditor.

5. THE REPORT

- 5.1 Over the past few years the annual internal audit outturn report and the half yearly progress reports have been evolving. Both the content and the presentation style has been developing to provide the Audit Committee with more timely and more focused information.
- 5.2 This development process has come about from recommendations made by the external auditors and the requirements of the Public Sector Internal Audit Standards.

- 5.3 It is also hoped that the recently procured new audit management software (MK insights) will be a major component of the future reporting process and enable easier and speedier reports to be generated.
- 5.4 A process was agreed in October 2018 by the Audit Committee whereby reports issued with the rating of In need of improvement or inadequate would be reported to the Committee and that relevant Heads of Service / Headteachers would be invited to attend the relevant Committee so that explanations or clarifications can be provided to members.
- 5.5 At the January 2019 Audit Committee meeting two audit reports were presented and the April 2019 meeting saw one report presented.
- 5.6 Having reflected on this approach following the April meeting and having discussed its merits with the external auditors it is felt that the timings and purpose of the Audit Committee involvement needs to be revisited in order to achieve the overall goal of service improvement and risk reduction.
- 5.7 Moving forward it is intended to report details of audits undertaken in the current period (six monthly/ quarterly), along with risk ratings of individual issues and the overall audit ranking for the audit and this will be shown in a tabular format.
- 5.8 The audits undertaken in previous periods that have actions outstanding will also be shown with the progress made since the issue of the audit report and details of any outstanding issues. Over time this will create a rolling monitoring tool to ensure all high risk recommendations are cleared.
- 5.9 It is considered appropriate to give auditees time to address their actions, and this will vary depending on the agreed action plan (but in most cases this will be no more than six months). However, where insufficient progress has been made within the agreed timescale, and significant issues remain, the Audit Committee may wish to ask for explanations from Heads of Service/Headteachers who will be invited to attend the next Committee meeting.
- 5.10 The progress reporting will address a number of the external auditor's recommendations and provide the Audit Committee with information around what work has been completed by internal audit and how things are progressing with the implementation of corrective actions. The brief details in respect of high risk findings will provide the Committee with an insight into the types and frequency of issues being identified during audit reviews.

Conclusion

- 5.11 A formal agreed procedure will provide improved focus for the Audit Committee and better support to internal audit services.

6. ASSUMPTIONS

- 6.1 No assumptions were made in this report.

7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 Strong corporate governance arrangements are an essential element of ensuring that the Council's key priorities are effectively delivered.

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 Strong corporate governance arrangements are a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met: -
- A prosperous Wales.
 - A resilient Wales.
 - A healthier Wales.

- A more equal Wales.
- A Wales of cohesive communities.
- A Wales of vibrant culture and thriving Welsh Language.
- A globally responsible Wales.

9. EQUALITIES IMPLICATIONS

9.1 There are no equalities implications.

10. FINANCIAL IMPLICATIONS

10.1 There are no direct financial implications arising from this report.

11. PERSONNEL IMPLICATIONS

11.1 There are no personnel implications.

12. CONSULTATIONS

12.1 Any comments received from consultees have been included within the report.

13. STATUTORY POWER

13.1 Local Government Act 2000

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Consultees: R Edmunds, Corporate Director for Education & Corporate Services
S Harris, Interim Head of Business Improvement Services & Acting S151 Officer

Background papers: Audit Committee (16th October 2018) - Internal Audit Services Revised Methodology for 4 tier Audit Opinions, Risk Ratings and Assurance.